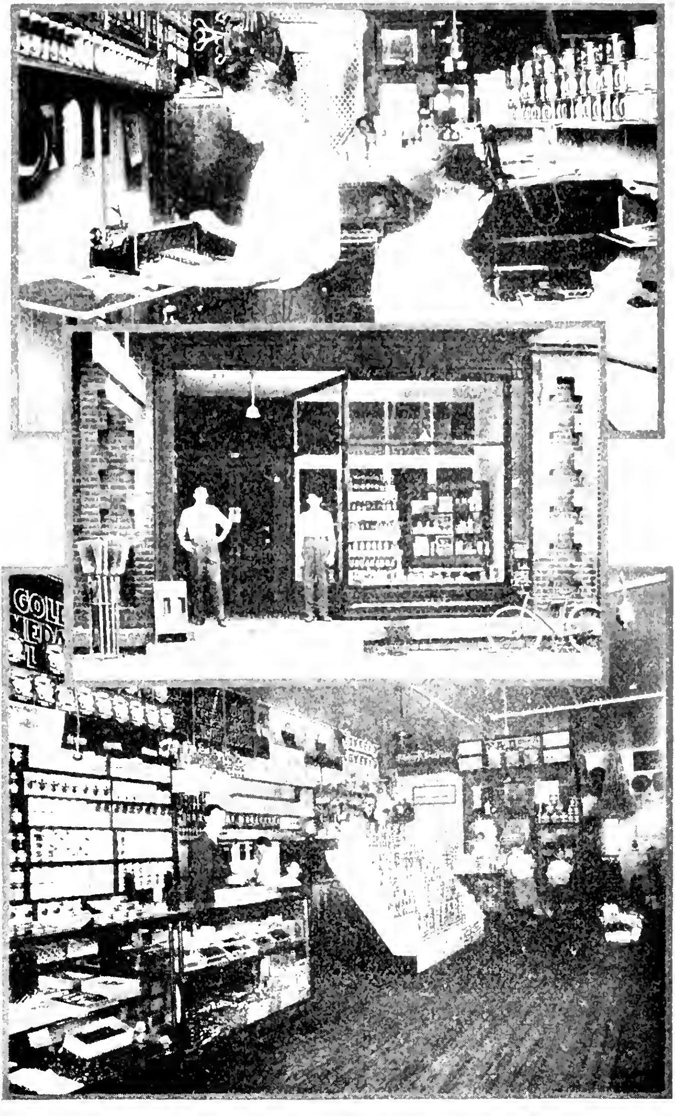


Lineweaver Bros., proprietors of the "Sta-Klene Store," Harrisonburg, Va., declare that it is "some satisfaction to do business when you know what you are doing." By analyzing their delivery system recently these brothers cut delivery expense 10% in the face of a 10% increase in business.

A Better Day's Profits

For the Retailer
Who Realizes that He Can Build a
Big Business Only by Getting
and Using all the
Small Facts

By A. M. Burroughs

Burroughs Adding Machine Company
Detroit, Michigan, U. S. A.

First Edition 25,000, May 1, 1912
Second Edition 50,000, November 1, 1912
Third Edition 50,000, July 1, 1915

To the Reader

The object of this book, of which this is the third large edition, is to illustrate the necessity of managing a retail store with open eyes. There are several *right* ways of doing most things, but the only *safe* way is to *know*, not merely *guess*, just what each day's business has produced in profit.

Since the first edition was published, upwards of a 100 retail and trade magazines have arranged to print it as a series of articles, and it has been quoted generally. That it has "hit the nail on the head" with business readers and readers of all sorts is evidenced by the following quotations, which are just a *few* of the words that have been offered in commendation of its message:

"I have just finished reading your little book, 'A Better Day's Profits.' There is more good business contained in those 100 pages than all the literature I have ever read on the subject of retailing." Thus write Nesmith & Son, the Square Deal Grocers, Salina, Kansas. The Concordia Milling Company, of Concordia, Kansas, said this about it: "You have presented a number of points that the average business man rarely takes into account. Also some old features have been presented in an absolutely new way."

Dr. S. O. Martin, Director of the Bureau of Business Research, Harvard Graduate School of Business Administration, Cambridge, Mass., says this of the book: "I find it most suggestive and am impressed with its potential value to the retailer."

You may know everything we have put in the following pages. We have reason to believe many retailers don't. Even, however, if you do know all we have told you, we have tried to put it in a new way and illustrated it with stories from actual retail life, that may be *interesting* as well as instructive.

If any part of this book is obscure—if you do not understand it—we may be able to lighten up the dark places. That is part of our Research Service—which we gladly offer free to any man in business.

Our main purpose is to help retailers find the most efficient way to run their business, conscious that when they have reached the greater efficiency, we as a Company will come into our share of the reward.

BURROUGHS ADDING MACHINE COMPANY
Detroit, Michigan

July 1, 1915

Contents

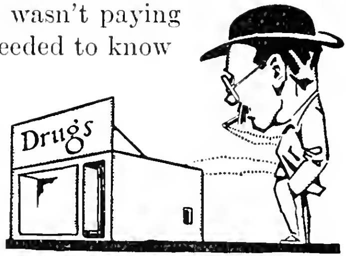
Richard F. Brune, now but twenty-seven years old, came to this country fifteen years ago with only $3 in his pocket. Six years ago he bought a store in Sawtelle, California, near Los Angeles. Scientific methods have enabled him to build up a business of $100,000 a year

Cutting the Guess-Work Out of Retailing

Then and there I decided to govern my business from positive knowledge rather than from guess

THE owner of a little drug store in San Francisco decided that there must be a reason for his store remaining small while other stores were getting big.

He set himself the task of finding the reason; of finding why it wasn't paying him; of finding what he needed to know to make it pay him the big profits he knew it ought to pay.



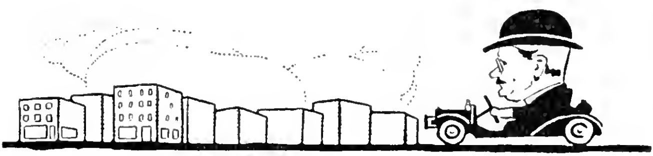
"—instead of one little drug store—"

He found the reason: Now instead of one little drug store he owns seventeen big drug stores.

Now he owns a fine automobile and a fine home. His check is good for anything he wants—he is making all kinds of money.

WITH its hundreds of stores and millions of capital, The United Cigar Stores Company started from an "analysis" of one little cigar store in Syracuse, New York.

If the owner of that little cigar store hadn't looked for and eliminated the weak places, he would never


"—he now owns seventeen big drug stores—"

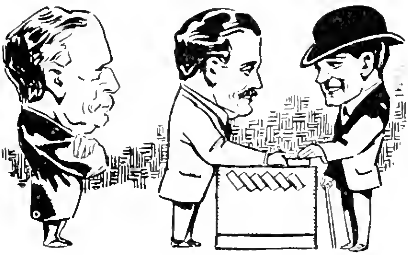
have built up the wonderful chain of stores which he now directs.

He asked himself what he needed to know about the business to eliminate the blunders; to make every move count for bigger profits.

By making his records show him what cigars had sold, he was soon able to buy cigars that sold better.

By making his records show him what cigars had not sold, he cut out the bad buying—the stocking up of cigars that he could not sell.

He found out how many smokers passed his store every day. Then he moved his store to a corner where ten times as many smokers passed it every day.



"—Studied the methods of his best clerk—"

He made his records show which of his clerks sold the most cigars at the best profits. Then he studied the methods of the best clerk and got more like him and less of the other kind.

He studied the attitude of his clerks towards the smokers who came back, and towards those who didn't come back. Then he changed the attitude of the clerks so that nearly all smokers came back.

He counted the seconds necessary to serve each smoker at the rush hour. Then he cut off half the seconds with little tricks of shortening steps. He arranged his display cases and his boxes so each clerk could reach every box from where he stood.

He counted the steps each smoker had to take inside the store. Then he arranged his display cases to cut out every unnecessary step.

He made it possible for each smoker to get a cigar while waiting for a car, hurrying to work, or to keep a business engagement.

The best cigars, the best clerks, the best store, all managed in the best way, laid the foundation for a chain of more than a thousand stores—for a corporation of many millions of dollars.

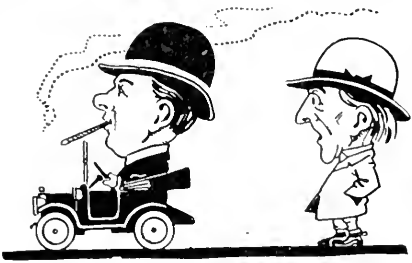
And the man who analyzed himself and his opportunities in that little Syracuse store, now directs that chain of more than a thousand stores.

A DRY GOODS merchant in Oklahoma, says System, the Magazine of Business, was a success from his community's viewpoint, and a personal success as far as he knew. He stayed close to the business, did as much of the work as he could himself, bought only when he needed stock, and avoided selling on credit. He made money—but why he did not know.

It cost him $6,450 to find out how much he needed to know.

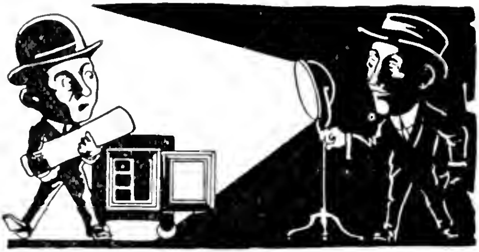
How? He was burned out. The fire cost him over six thousand dollars, but it freed him from the old, blind, groping of an unaccountable success. Getting his lesson was expensive, but a thorough understanding of it has netted him $20,000 since.

When he came to settle up with the insurance people he couldn't help but see that he had been guessing, although he had thought that



"—was a success as far as he knew—"

his records were A No. 1.


"—needed records to throw the search-light of cold facts on his business—"

He couldn't tell the adjusters the simple facts of his business. There was no getting away from the fact that blind luck had stood behind his profits. True, he had been figuring his basic expenses. He had been charging off a few "extra hard" accounts to profit and loss, but he never knew—here is his six thousand dollar lesson in twenty words—he never knew where he stood until stock-taking was over and the year a matter of history. He paid $300 a word for the fact that he couldn't show the adjusters his full loss.

Then and there he resolved to stop guessing, to departmentize, to have records that would throw the search-light of cold facts on his office costs, his clerk hire, his rate of turnover, his collections, his discounts and depreciations, his entire business.

He studied other stores. He gave advertising more attention. And, out of his costly experience, and with the idea of waging a successful fight against rising costs, he evolved these general policies. They are the "hows" of the methods that have increased his business approximately 4800 per cent in ten years:

(1) Departmentizing the stocks.

(2) Locating the rate of turnover in each line.

(3) Speeding up the rate of turnover by lines.

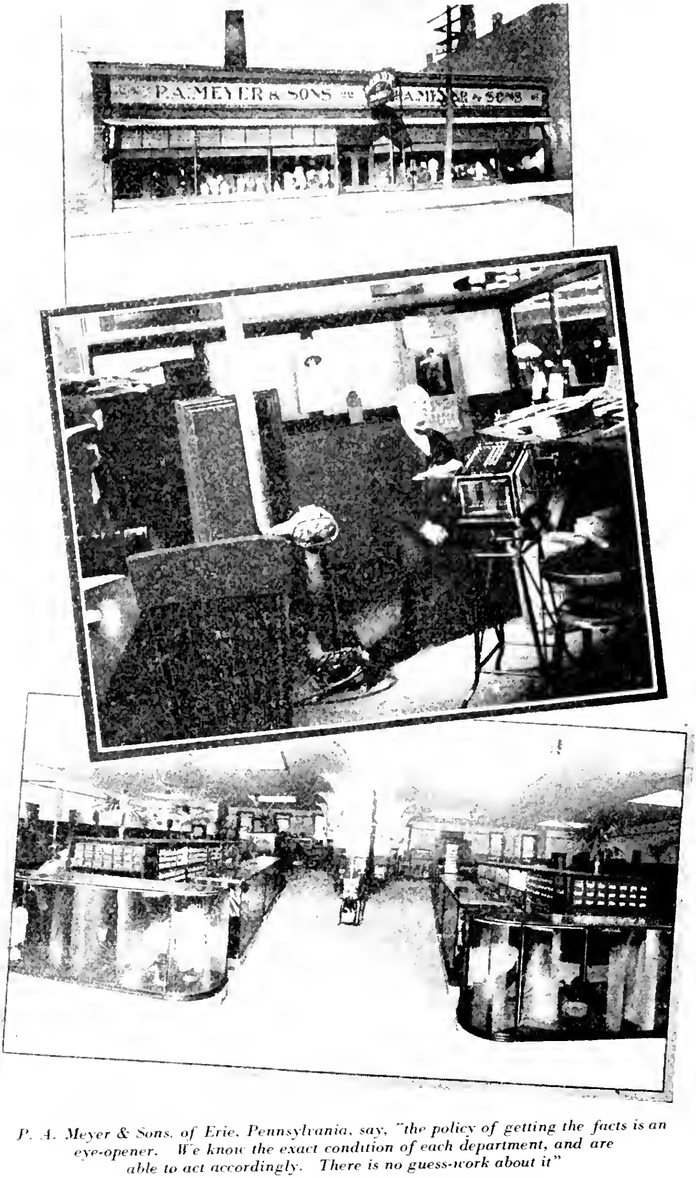
This last policy allies itself with three other policies which illustrate some of this retailer's detailed methods:

(1) Watching credits closer.
(2) More team work among employees.
(3) More service that really pays.

Combined with the other policies named, these principles helped this merchant increase his rate of turnover through his entire store from about one-half in 1904 to nearly three last year. That means money.

A retailer cannot get the most out of fast-turning lines until he knows his cost by lines. He cannot get ahead of rising costs—he can't even make a safe income—except by great, good unreliable luck—until he stops guessing.

"Guessing is like gambling with a 'shark'."



P. A. Meyer & Sons, of Erie, Pennsylvania, say, "the policy of getting the facts is an eye-opener. We know the exact condition of each department, and are able to act accordingly. There is no guess-work about it"

Managing With Your Eyes Open

Mere hard work will not bring success. There must be behind the work a "know-how" that will make it accomplish something

A RETAIL hardware man kept himself so busy with the little things of his business that he had no time to make money.

But when he analyzed his methods, himself, his business, to find the reason he wasn't making money, he found he could unload half the petty work he was doing onto a \$3-a-week boy.

Then he began to understand that it was his business to manage, to think, to plan, to find out why things should be done, and how they could be done in the best way.

He found that anybody could do the things that had to be done if he told them how.

He quit using the brains, the enthusiasm, the energy of his business for the office-boy duties. He devoted himself to the management of his business.

Now he is a merchant prince, the head of a great hardware concern, with an income several times bigger than his gross business used to be.

A YOUNG German came to this country fifteen years ago at the age of eleven with but \$3 in his pocket and not a word of English in his vocabulary.

He obtained employment in a grocery store in the German quarter of a New England city. Here he learned the grocery business.

Before he was twenty he was made manager of the store. When he was twenty-one he was appointed manager of a bigger Jersey City store. Now, at twenty-seven he owns a prosperous business in California.

If you would ask him how he succeeded, he would tell you that he always made it a point to know the results of his efforts.

When he went into a new store, he wanted to know which lines of goods paid a profit and how much. And he wanted the information all the time, not merely for a few days.

He wanted to know whether one of the lines which wasn't moving, began to produce a profit when it was put "up front," and whether it continued to show a profit after it was put back to give some other slow line a chance.

He demanded records that showed him whether clerk No. 1 was producing a profit. When he found out which of the clerks produced the most profit, he used him as a standard for the other clerks—or their successors—to work up to.

A CERTAIN hardware dealer appealed to his jobber for a solution of a problem which he was wise enough to know was gradually pulling him down.

His business was increasing, much faster than his expenses, but at the end of the year he couldn't find the profit he thought he should have.

"—books don't tell him—"

He had a good business. He was working hard, trying to plan and manage his business. He was a resourceful, industrious, clever merchant. Yet he wasn't making money.

When his jobber sent an accountant to go over his books, it was found that his books didn't really tell him anything about his business. He kept accounts that didn't account.

He couldn't find out, for instance, whether it paid

him to make a big window display of pipe wrenches, at a big discount off the marked price, to attract plumbers and gas fitters to his store.

He didn't know, for sure, whether his big assortment of knives was paying him.

In fact, he didn't know anything for certain.

He was wasting his energies, his enthusiasm and his brains by planning and doing things that never got him anywhere.

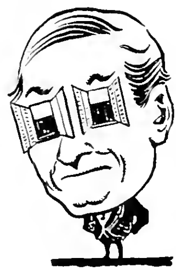
With the aid of an accountant he put in a bookkeeping system which enabled him to get accurate reports on the results of each day's effort.

Then he was able to know, pretty quick, which line of effort produced the best results, the most profits.

Now the difference shows in his bank balance, and the fine home he owns—his business has more than quadrupled in two years.

Yet he is the same manager in the same store, selling the same goods. He has just cut out the unprofitable methods.

He wasn't incompetent before. He is no better manager now. He is just managing with his eyes open.



—"with eyes open—"

During the next few years, some of the tidiest profits in American Industry will be saved out of operation. Heretofore, much of our profit has been made, but saving profit is a different thing altogether

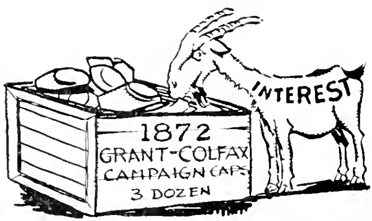
—*"The Saturday Evening Post"*

Wm. M. Brady, of Madison, Wis., conducts a store with his eyes open. He provides himself with accounts that account. You can see the difference in his bank balance

Stretching the Capital

Study the methods of the banana man and the peanut vender, who make a living on $10 capital

A NORTHERN Indiana Furnishing Goods concern went out of business a few months ago. When the stock was inventoried some caps were found which were made especially for the Grant-Colfax Presidential Campaign in 1872.



"—stock 43 years old—"

Think of that! Stock 43 years old.

The caps cost about 25c each and there were three dozen of them, costing $9 in all, wholesale.

Charge up a percentage equal to the cost of doing business against that $9 worth of dead stock for forty years and see what it cost the merchant to keep it on his shelves.

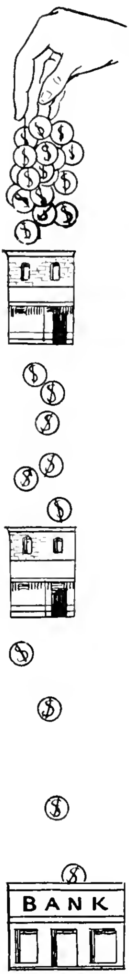
Ask the banana man who stands at the corner of Seventh Street and Franklin Avenue in St. Louis, how much he could make on that $9 in forty years in his business. Then you will know what it would have profited this clothing concern had it not kept that stock on the shelves—if it had used the capital right.

This banana man buys a cart load of bananas every morning, costing him about $9, and sells them before night for $20.

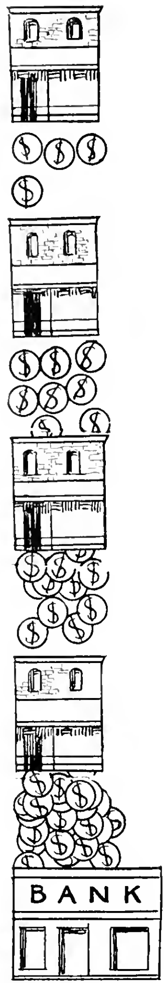
Since he works every day, holidays and Sundays, he turns his capital every day, 30 times a month.

On a capital of $9 he does a gross business of more than $5,000 in the nine months he is able to work.

In forty years he could do a gross business of $292,000 on that little capital—without increasing his capital a single penny over that original $9.



"—lots of investment—little profit—"



"—no investment—lots of profit—"

What would he make if he had $9,000 capital and applied the same principles?

Any wonder the chain store fellows can keep buying more stores and under-sell the "good-enough-for-me" one-man store?

The owner of a chain of six stores has never put a single dollar of his own money into the last four stores he opened.

When he opened his second store, he began buying in small quantities, stocking up every day and selling the goods before the bills came due.

In a short time he opened his third store, without putting any of his own money into it. Soon he increased his chain to six stores.

Now he is doing business almost entirely on the other man's capital. He buys in very small quantities and discounts his bills with the proceeds from the sales of the goods.

If the retailer provides himself with accurate and complete detail information about his sales and his stock on hand,

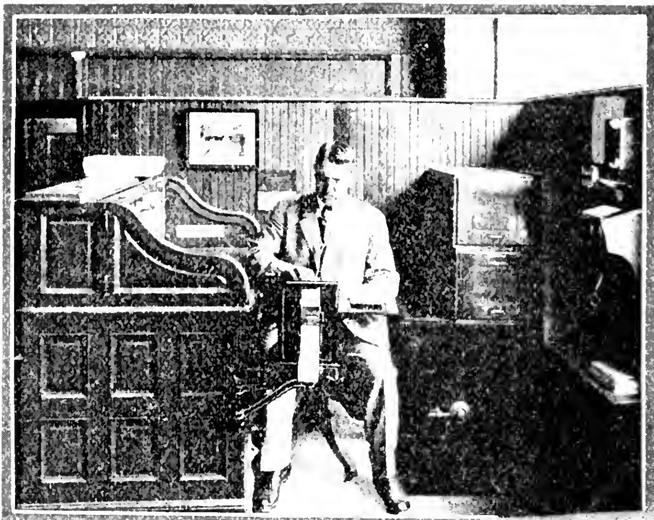
he can practically do business entirely on the capital of the houses from which he buys—and make those houses glad to let him do it.

Of course this is possible only by keeping such close tab on sales and purchases that the merchant can buy in very small quantities.

But isn't it better to stand the expense of adequate records and do a big profitable business on little capital, than to worry along without records and do a small unprofitable business on the most capital you can rake and scrape?

"—small capital rightly used may outweigh big capital on the scale of profit—"

The newsboy can stretch ten cents into a fair income—he turns his entire capital from two to six times a day



George I. Kelly & Co., Clothiers, Hatters and Furnishers, of Waltham, Mass., are believers in modern accounting methods. They are making it pay

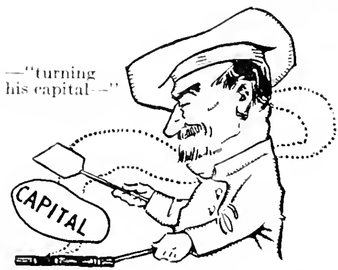
Buying for Profit

The goods it pays to handle are the goods which go fast

A HABERDASHER in Chicago built his business to the point where he averaged a thousand sales a day in a little store forty feet square—a gross business of more than $200,000 a year.

In this little store he kept a wider variety of goods, and made more real net profit, than most stores with five times his space and ten to fifteen times his capital and expense.

The secret of his success was in the small amount of stock which he carried and the frequency with which he turned his capital.



He planned to keep just one day's supply of stock on the shelves and in the show cases. Every night his stock was replenished just enough to replace the goods removed by the day's sales.

Accurate records for several years enabled this merchant to know almost exactly how much he would sell of every line each day, and to make arrangements in advance for this sale.

He kept a two weeks' supply of each line in his stock room on the fourth floor, where rent cost him very much less than he paid on the first floor.

Each night he sent down to the store just enough of each kind of stock for one day's business.

By knowing almost exactly how much goods he would be able to sell of each line, he was able to make

quantity contracts with his jobbers on many lines, at quantity prices, with semi-monthly deliveries and monthly bills. He paid after he sold.

If his records showed, for instance, that he would need 1,000 shirts of a certain size, his order to the jobber or manufacturer would be for 1,000 shirts to be delivered in quantities of three dozen every other week.

Every month he got a bill from the manufacturer or jobber for six dozen shirts. But, he had probably sold five dozen of them before the bill came, so he could take the discount with money he had already received from the sale of the goods.

He invested $10 a week in salary for a young woman who gave her whole time to tabulating sales and expense figures.

The report this young woman gave him every day showed not only the number of sales for that day of every line of goods carried, but it also showed a comparison with the preceding day, the same day of the preceding week and the same day of the preceding year.

If you asked him, "How's business?" he could tell you, for his policy was to know. He didn't guess at his figures.

It cost him $10 a week, a sum which would scare some retailers, but it enabled him to do a gross business of $4,500 a week on a capital that was less than some retailers use to do a business of $100 a week.

THE Maypole Dairy Company, with 1502 stores scattered all over England, handles its vast business in exactly the same way.

Every night each of the 1502 stores telegraphs or telephones the exact amount of sales of each line to the home office in London.

The home office immediately ships to each store just enough goods to put the stock back where it was before the previous day's business.

When this company opens a new store it puts $1,000 into carefully assorted stock, limited to the lines which experience has shown will sell readily. Then an amount is added each day to keep the total up to the original stock.

If, at the end of the day, the manager wires that he has sold $500 worth of goods, his message giving the amount sold in each line, the home office will immediately ship him $500 worth of goods, bringing his total back to $1,000.

This wonderful chain of stores turns its capital more times in a week than the average retailer turns his capital in a year.

Starting with an original investment of $1,000, some of these stores do a business aggregating $200,-000 a year—one hundred and thirty or more complete turns of the original capital in a year.

Every one of these stores is required to keep exact records of the sales of every kind of goods carried.

They are very simple records—just a number for each kind of goods and another number for the amount of each sale—but they are a wonder of completeness.

A CERTAIN cigar store in New York has one customer who likes a particular kind of cigar, the retail price of which is $4.75 a box.

This store keeps only two boxes of those cigars in stock. When this customer goes in and buys one of the boxes, which he does regularly every two weeks, another box is ordered. This keeps the stock always at two boxes.

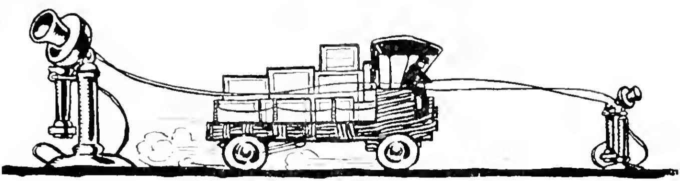
On this one customer this one store does a gross business of $123.50, in one brand of cigars, with an

investment of $6.50—supposing each box of cigars to cost $3.25 wholesale. This is about 13 complete turns of the capital invested.

If this store didn't keep records so that it could always know where it stood, it would likely buy a dozen boxes at a time—increasing the investment, reducing the number of times the capital could be turned, and letting the cigars get stale.

IN ST. Louis there is a chain of furnishing goods stores which, through careful buying, succeeded last year in turning its entire capital fifteen times.

This is an impossibility except under scientific management—which means simply the keeping and using of facts instead of theories.



"—where it can get quick delivery—"

This chain of stores buys all of its goods in St. Louis where it can get quick delivery and can buy in small quantities.

Some of the lines are turned every week; several more every month, and the entire capital at least fifteen times a year.

THE Saturday Evening Post is authority for the story of a dry goods man who bought just enough goods to take care of one day's sales.

He closed his store at the end of the first day and went to the city to buy a new stock. He arranged for a good many days' supply, to be shipped as he needed

it, one day's supply at a time, cash to be paid on delivery.

Now he owns two big stores, with net profits of $25,000 a year.

A BIG wholesale house in St. Louis estimates that fully 95% of all retailers over-buy. This wholesale house, unlike many others, urges its customers to buy in small quantities and buy often.

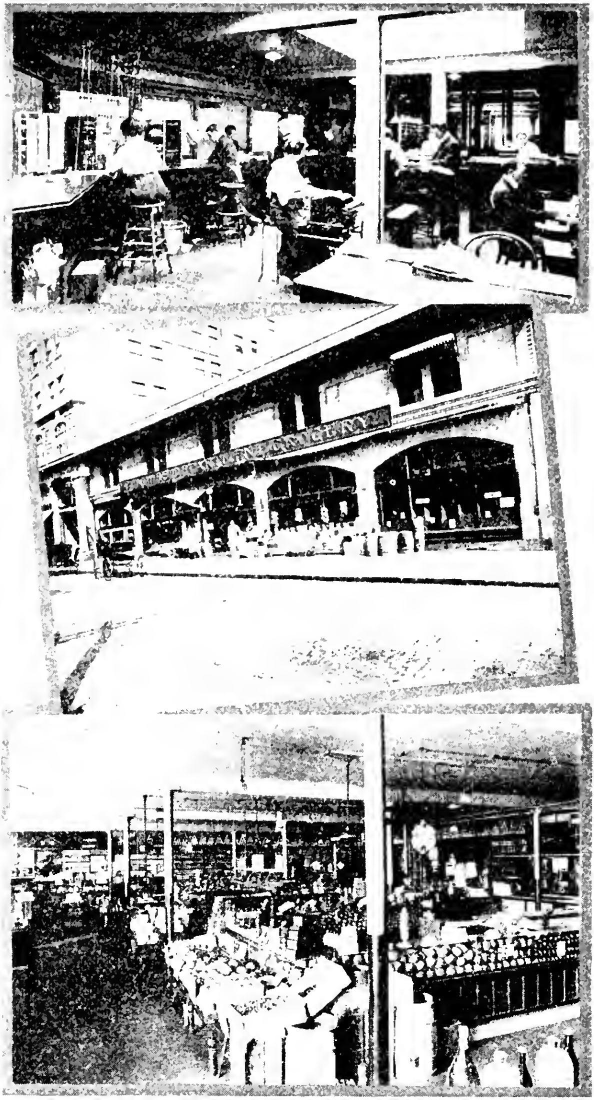
A bright salesman with his eye only on the orders, urges the retailer to stock up in anticipation of a raise in prices, or to get an extra 5% discount.

The overhead charge against the 11 dozen cans of tomatoes on the shelves which don't move, quickly eats up the 5% extra discount on the 11 dozen, and the 10% which the merchant makes on the one dozen he succeeds in selling.

If a merchant buys in very small quantities, he can't lose much if the goods don't move. If they do move, he has the money in hand with which to discount the bills when they come due. To buy little and often saves rent of needless space, saves handling, saves deterioration, keeps the shelves and cases orderly and generally promotes a "clean business."

The man who started in business with $5,000 and buried half of it in the ground, was better off than the man who buries half his capital in dead stock which doesn't move.

The man who buried his money in the ground didn't pay the profits he made on the other half to keep it in the ground; the man with half his capital in dead stock has to pay rent and all of his cost of doing business to keep this dead stock on the shelves.



From the smallest store in the city, the David Pender Grocery Co., Norfolk, Virginia, grew in 16 years to a million-dollar-a-year business, under David Pender's personal management. Pender makes his accounting methods progress with the business. Figure facts tell him every day just where his profits come from

Stopping Store Leaks

If you had a barrel of molasses out in the warehouse that was leaking, when would you want to know about it, the first day, or when the barrel was empty?

Over-Weight and Over-Measure

FOOD Inspector Ottesen of Iowa, while checking weights and measures at Waterloo, Iowa, found five grocers whose scales gave over-weight.

"—overweight shortens profit—"

These five pairs of scales, Ottesen said, "long weighted" each of these grocers out of hundreds of dollars every year.

One grocer was selling about 50 lbs. of lard a day, at ¼ oz. over-weight. This one leak, on one kind of goods, aggregated about $40 a year.

Concrete expression is given to the losses resulting from over-measurement in this little excerpt from the store paper published by a dry goods firm in Davenport, Iowa.

"Thirty-six inches is a good, full, generous yard. The clerk who gives 37 inches of 25c ribbon throws away 4/5 of a cent. Thirty-seven inches of $2.00 broadcloth throws away 7½ cents.

Consider this, too. That, even with the 25c material, if you had four clerks, each of whom made four such errors a day for a year of 300 days, your loss would amount to a considerable sum.

Bad Buying

The average retailer is a poor buyer. Ninety per cent of all retail stores over-buy. The biggest store leak is in the failure of the retailer to turn his capital often.

To avoid overbuying the retailer should keep accurate stock records. The use of sales slips is indispensable in keeping these records.

He should know the markets and he should beware of price "inducements."

An estimated profit of 50% is a loss if the goods will not sell. The retailer must not buy because the goods are cheap but because they will sell at a profit.

Incompetent Help

Every employee in the retail store should be put on a merit basis. The clerk who isn't able to sell goods at a profit is incompetent and unprofitable to the store. Keeping him is like letting the faucet remain open in the vinegar barrel—only it is profits and not vinegar that is leaking.

Loss of Goods from Stock

A big New York store, doing a business of $10,000,-000 a year, estimates that 2% of its sales, or $200,000, is stolen from the store every year. If this same proportion of goods is stolen from the average retail store, then the store doing a business of $50,000 a year would lose $1,000 through theft of goods from stock.

"—shoplifters stole 2%—"

Failure to Charge Goods Sold on Credit

When a sale is made on credit and no record is made of it, the retailer stands to lose the profit he should make on the sale; the original cost of the goods; the time which has been invested in the buying; the time invested in the selling of the goods; the cost of the labor of handling the goods; the cost of keeping them on the shelves, and several other losses, including the big loss which the carelessness will cause in other work.

Wasteful Bookkeeping

It costs more money sometimes to keep incomplete records in an unsystematic way, than it would cost to keep complete records in the right way.

"—business producing information getting away—"

The bookkeeping system should be up-to-date. It should be carefully worked out by experts. It should be especially designed for the store. It should give the exact information needed, as economically as possible.

Errors in Figures

The amount of money lost in the average store every year through mistakes in figures is enormous.

"—under-charged—he likes it—"

"—over-charged—he hollers—

A customer gets his bill. It is a little less than he expected, but he thinks possibly he made a mistake. He pays on your figures.

If it happens to be a little more than he expected he asks you about it, and you spend

valuable time finding the error and correcting it.

If you make a mistake in your figures you are sure to lose, whether it is against you or against the other fellow.

Failure to Charge All Expenses

All expenses are going to come out of the gross profits whether they are put down as a part of the cost of doing business or not.

If a man pays out $20 a month for rent, he will not find it to his credit in the bank at the end of the year, even if he doesn't charge it into the expense of doing business.

The same applies to every kind of expense in the business. Every one of the leaks mentioned in this chapter is an expense, whether you charge it as such or not.

It is better to err on the side of too liberal charging of expenses and find an unaccounted-for balance in the bank, than to find a puzzling deficit caused by not charging all your expenses.

Failure to Discount Bills

If a retailer turns his capital four times a year and discounts all his bills at 2%, the clean profit from this source alone amounts in a year to 8% on his capital. If he doesn't take the discount, he loses it, of course.

Undue Delivery Expense

A grocery firm in Virginia discovered that their delivery system was costing them too much. So they got the cost of running expenses in figures before their eyes and learned—to their surprise—that they

could give away the outfit they had, could install a new and better system and still be ahead financially. Since installing the new outfit, they have been able to cut delivery expense 40% in the face of a 40% increase in business.

Presents, Donations, Etc.

Possibly some of this is necessary. Some retailers make it a matter of considerable expense. It is a leak which should be carefully watched.

Wasted Time

A grocer hired a man capable of selling $200 worth of goods a week. Bad management wasted half his time and he only sold $100 worth a week. The grocer lost the profits on a gross annual business of $5,200.

"—the cost of wasted time comes out of profits—"

When you hire a clerk, you simply buy a certain amount of his time, to be used as you direct. If you direct wrong, or he wastes part of his time, you lose.

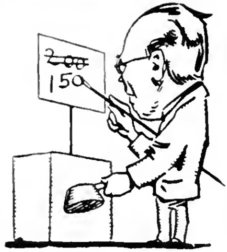
Time can be wasted in a thousand ways. Most of these are under the control of the employer.

Most of the waste of time is caused by bad methods controlled by the owner of the store.

The Reduced-Price Leak

When goods are marked to sell at $1.00 and it is necessary for any reason to cut off 10%, the reduction from the marked price represents a loss.

If the cut is necessary to make the goods sell, it is a loss often due to bad buying. It also produces another loss by giving customers the impression that the original price allowed an enormous profit.



"--price cuts come out of expected profits—"

Wasteful Advertising

One retailer used space two columns, ten inches deep, in his weekly paper to run a poorly worded and poorly arranged announcement. It cost him $200 a year and produced almost nothing.

A competitor used half as much space and changed his advertisement every week, using strong selling arguments. His business grew steadily.

Advertising, properly directed, is one of the most productive investments of the modern retail store, but misdirected advertising can be very wasteful, or even harmful.

Extravagance in Lighting

One retailer cut the cost of his lighting in half and at least doubled the efficiency of his lighting system by studying the arrangement of his lights. The proper lighting system puts just the right amount of light where it is needed. Light is a salesman—that is why every part of your store should be well lighted.

Arrangement of Store

In a certain store each clerk had to walk all over the store to wait on customers. A re-arrangement of the stock stopped this and cut out about two hours wasted efforts for each clerk each day—about $600 worth of time in a year, considering the several clerks. This time, which cost money, was profitably used.

Arrangement of Goods

A stationer was making a big display of scratch pads for school children the day before school opened. When he came in from lunch he stopped to look in the window, and noticed the absence of pencils. Immediately he went in and caused a pencil to be placed alongside each pad.

This suggested the connection between other goods. On investigation he found that scores of items were not in their proper place in the store. He had them placed where the customer who bought one item would see many others that he might need in the same line. This saved much walking for the clerks and helped each kind of goods to sell others.

Store Alterations

Special sales, special displays of goods and the re-arrangement of departments and offices, cause numerous little carpenter jobs in the store.

These little jobs are often the source of a considerable leak unless they can be done opportunely and efficiently.

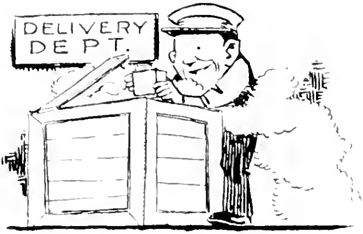
Some carpenters can put a lot of time on a little job, and, if the changes are not properly timed, employees of the store are often compelled to waste much of their time, paid for by the store.

Extravagant Use of Supplies

Sales books, report blanks, office stationery, statement forms, blank books and pens, ink, pencils, etc., cost a neat little sum in a year. A big saving can be effected by proper care and a leak is pretty apt to follow lax methods.

Careless Packing of Goods

Goods that have to be delivered to customers require care in packing. Much merchandise is damaged or entirely spoiled by poor packing. Money is wasted in the course of a year through the use of bigger boxes than is necessary and through the waste of time in packing—time that is paid for with good money and which, if saved, could be used for other work.



"—wasteful packing means wasted time, material, business and profits—"

Lost Containers

Baskets, boxes, egg crates, etc., used in delivering goods, cost money. The number lost during the year usually amounts to a serious leak.

Wasted Twine and Paper Bags

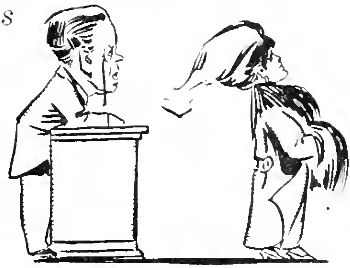
Even in little stores the cost of wrapping paper, twine, paper bags, boxes, etc., amounts in a year to a neat sum. A careless employee can easily cut a slice off the profits by a wasteful use of these supplies.

Clerks' Mistakes

Clerks, working at small salaries, are usually careless, inefficient and thoughtless. They make enough mistakes any time, but when tired they make more.

Unless they work under the direction of a system which makes their work nearly mechanical, and a close check is kept on their mistakes, they will likely do as much harm as good.

Dissatisfied Customers



"—it's easy to drive away customers—"

A regular customer is worth from $10 to $50 a year to the average retail store. Some customers are worth a great deal more.

It is very easy to drive customers away. Often it is hard to get them. It is easy to lose a big amount of money through the careless handling of customers.

Breakage and Spoilage

A careless employee will spoil a very large amount of merchandise in a year, cutting deep into the profits. Even a careful employee is pretty sure to spoil some.

Depreciation

Certain goods shrink in weight; others in size. These facts must be taken into consideration both in buying and in selling. Don't buy too much. Be sure the selling price covers the loss of shrinkage.

Bad Accounts

To be sure of collections, the merchants must have accurate and complete records. The slow-pay customer may not remind you if you forget his bill.

If he asks you for a statement some day, when he has the money, and you can't give him the exact figures at once, then it's your loss if he spends the money for a vacation trip.

Leaks in Your Business

The leaks suggested here, apply to your business. Some of them may cause you only a little loss. Some may be swallowing about all your profits.

A RETAILER, who is not now in business (we'll call him Smith) fooled himself, for a time, into thinking that he wasn't losing anything through leaks in his store. He refused to see the leaks.

"I watch things pretty close," he said, "and I know just what it costs me to run my business. Jones, down the street, is a crank on digging out expenses to charge up against his business. Not for me!"

Jones has the exclusive business for his section now, and is a very prosperous retailer. The sheriff closed out Smith's business over a year ago.

"—the sheriff closed up Smith—Jones now has his trade—"

Remember this: All leaks and other expenses in your business have to be paid at their full face value, whether you see them or not.

If the sheriff gets your business, don't let it be said that he got you because you guessed at your expenses.

Try to sell your own goods to yourself once in a while and then take notes

What it Costs to Do Business

A retailer may fool himself by failing to charge all of his expenses into his cost of doing business but his expenses will come out of his gross profits just the same

RETAIL grocers in a certain western city were at one time paying $1.40 for a 50-pound sack of flour, which they were selling for $1.55. This allowed them a gross profit of only fifteen cents per sack.

The Retail Grocers' Association in this western city took up this problem in a special convention. Most of the grocers agreed that this fifteen cents did not allow a profit, though a few were of the opinion that they were making a little on it.

"—they guess the average cost is 15 per cent—"

The result of the discussion was an investigation into the cost of doing business in that city. When the different grocers began producing their books to show their expenses, a very wide range of costs were shown.

Some of them had cost systems and declared it cost them 22% to 25% to do business. A few, while admitting that their systems were not very complete, estimated their costs at 10% to 12%.

The final result of the investigation was an agreement (those who knew didn't "agree") upon the average of 15% as the proper and correct cost of doing business.

But this average was plainly incorrect because the low figures ranging around eleven and twelve and

thirteen per cent were from the stores of grocers who did not figure to make anything over a reasonable salary for themselves; who did not figure to make anything on the investment in the store buildings they happened to own; who did not figure for interest on their investments, and who overlooked a score or more important items that should be included in the expenses.

The high percentages, ranging around twenty to twenty-five per cent, were from the stores of retailers who had applied a searching cost system to their business. These merchants were charging up to their business every item that could be considered as expense and it made their expenses seem high.

The investigators took these high percentages, which were about correct, and the low percentages, which were eight or ten to fifteen per cent too low, and combined the whole list to arrive at the average of fifteen per cent. Now a good many retailers who think they are fixing prices right, are puzzling over their failure to find the profit they expected last year.

The cost of doing business is, of course, just the same whether a merchant includes all of the items or only a few of them in his expense account.

The only difference is that he deludes himself into thinking that the cost of doing business is only 15% when in reality it probably is 20% to 25%.


"—holding the sack doesn't pay—"

If he fools himself in this way, and figures for a 10% profit, the chances are that the expenses and the extra cost of doing business, which he hasn't figured into his percentages, will eat up that profit, and leave him holding the sack at the end of the year.

A CLEVELAND grocer thought he was clearing $100 a month, $1,200 a year, over and above his expenses.

But the $100 a month included his own salary, the interest on his investment, the salary of his wife who spent most of her time in the store, and a number of other items.

If the grocer had allowed himself interest on his investment, that alone would have produced $50 a month without risk or worry.

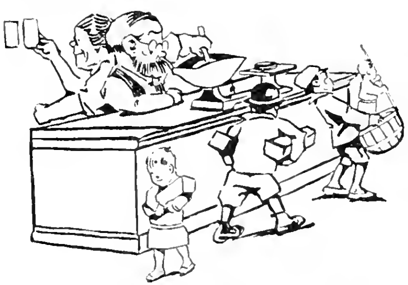
Another $25 a month of his "profits" rightly came out as expenses incurred in running the store. He had charged several expense items as "investment."

Instead of making $100 a month clear, he was not only failing to make anything, but he and his wife were both working for almost nothing.

If they had both worked in some other store they might have earned $100; so instead of making $100 they were losing $100 a month.

ONE grocer in Pittsburgh was interested in politics and finally he succeeded in landing a city job, paying him $2,500 a year.

When he got this job he decided to sell his store. He placed the store in the hands of a broker, and had an accountant go over the books to place a value on the stock and to see what the business was worth.



"—the family helps—for nothing—"

The accountant's report showed that no charge had been made for

salaries. The grocer, his wife and four children ran the store. When proper allowance was made for salaries, the store was found to be paying a fraction over one-half of one per cent a year on the investment.

Instead of a fairly profitable business, one salable at a premium for good will, it was found to be a business so nearly unprofitable as to be unsalable.

Fixtures and stock were finally sold at a loss. Nothing was received for good will, because there was no good will—only a chance to work for nothing and take the ordinary business risks besides.

In scientifically managed stores it has been found that the salaries of the clerks average around nine per cent of the gross sales by those clerks.

The salaries of managers, bookkeepers and other employees, who do not sell, run the average cost for salaries up to about thirteen to thirteen and a half per cent of the gross sales.

Rent is likely to average around four per cent, delivery around one and a half to two per cent, light and heat from one to two per cent, and so on down the list of expenses.

No merchant, as he so frequently does, should assume these percentages to be his costs. He should get his own costs from his business, considering these percentages only as standards by which to judge whether he is higher or lower than the average.

"—searching out expenses so he can know his profits—"

The merchant who would know his cost of doing business should classify his expenses into such accounts as will give him the information he needs.

He should install a cost system that will search out all of the expenses and enable him to know, not merely a few of the things which he pays for, but all of the things which enter into his cost of doing business.

Here is a list of the expenses used by one wide awake merchant:

Rent—if the building is leased; depreciation or upkeep if it is owned.

Salary—of all employees, and the manager.

Delivery Expense—including repairs to wagons, harness, shoeing of horses, grease, feed, barn, rent, etc.

Light—including light in barns, etc.

Heat—including coal, fireman, etc.

Ice—for drinking fountains, refrigerators, soda fountains, etc.

Advertising—in newspapers, circulars, etc.

Printing—stationery, blank books, bill heads, etc.

Gifts—presents, donations, etc.

Telephone and telegraph tolls.

Insurance—stock, fixture, burglar, etc.

Taxes—on fixtures, stock, etc.

Interest—paid out.

Paper Bags—wrapping paper, twine, etc.

Breakage and spoilage of goods.

Repairs—on fixtures, etc.

Depreciation on merchandise.

Shrinkage of merchandise.

Depreciation on fixtures, furniture, etc.

Bad accounts.

Goods stolen from stock.

Depreciation from cost price by change of style and by the purchase of unsalable stock which makes it necessary to reduce prices.

Some merchants add freight and cartage to this list but it should not be charged as an expense. It is a part of the original cost of the goods and should be charged to goods and not to expense.

These rules for figuring costs and profits are recommended by the National Association of Credit Men

1-Charge interest on the net amount of your total investment at the beginning of your business year, exclusive of real estate.

2-Charge rental on all real estate or buildings owned by you and used in your buisness at a rate equal to that which you would receive if renting or leasing it to others.

3-Charge in addition to what you pay for hired help an amount equal to what your services would be worth to others; also treat in like manner the services of any member of your family employed in the businesss not on the regular pay roll

4-Charge depreciation on all goods carried over on which you may have to make a less price because of change in style, damage or any other cause.

5-Charge depreciation on buildings, tools, fixtures, or anything else suffering from age or wear and tear.

6-Charge amounts donated or subscriptions paid.

7-Charge all fixed expenses, such as taxes, insurance, water, lights, fuel, etc.

8-Charge all incidental expenses, such as drayage, postage, office supplies, livery or expenses of horses and wagons, telegrams and telephones, advertising, canvassing, etc.

9-Charge losses of every character, including goods stolen or sent out and not charged, allowance made customers, bad debts, etc.

10-Charge collection expense.

11-Charge any other expense not enumerated above.

12-When you have ascertained what the sum of all the foregoing items amounts to, prove it by your books, and you will have your total expense for the year; then divide this figure by the total of your sales, and it will show you the per cent which it has cost you to do business.

13-Take this per cent and deduct it from the price of any article you have sold, then subtract from the remainder what it cost you (invoice price and freight), and the result will show your net profit or loss on the article.

14-Go over the selling prices of the various articles you handle and see where you stand as to profits, then get busy in putting your selling figures on a profitable basis and talk it over with your competitor as well.

Fixing Prices to Get a Profit

Nine-tenths of all retailers are making less than they think they are. They are always surprised when they find it out

A RETAIL hardware store in a small Wisconsin town had been dragging along for several years, supposedly making a profit.

"—'guessing' is like gambling with a 'shark'—"

Three different men had gone into partnership with the original owner and after a year or so had withdrawn, leaving a part of their capital behind them as "pay" for the "experience."

The fourth partner was a young accountant who had spent a year in the accounting department, and another year in the selling department, of a city store. When he formed the partnership in the country store, he determined to find out just how things stood—though he wasn't entirely familiar with the way three partners had already been frozen out.

He soon learned that most of the hardware man's profits were imaginary. While the sales ran to a nice figure, the profits were mostly on paper.

His trouble was that while estimating his cost of doing business as a certain percentage of the gross business, which is the *selling* price, he added this same percentage to the *cost* price when figuring the selling prices of individual items.

This mixing of methods resulted in a loss, except on

a few articles which permitted a very high percentage of profit.

They handled a certain kind of stove in this store which was also handled by a competitor. The wholesale price was $9.25, and the freight and cartage were 75 cents, making the stove cost $10, set down in the store.

Competition was very keen on this stove and it was decided to cut the profit to 10% net. So 18% of the cost was added for cost of doing business and 10% for profit, making the stove sell at $12.80.

The hardware man thought he was making a profit of $1. Let us see what the new partner, an accountant, showed him.

As the article cost $10 and it was desired to make 28% gross profit (enough to cover 18% for cost of doing business and the 10% for net profit), he considered the selling price as 100% and the cost price as 72%, or all of that 100% except the gross profit of 28%.

Now if $10 is 72% of the selling price, the selling price must be $13.89.

Here is the way he worked it out:

Selling price	....	100%
Cost of doing business	18%	.....
Net profit desired	10%	.....
Gross profit	....	28%
Wholesale cost		72%

Cost price in percentage .72) $10.000 cost in money
$13.888 Selling Price.

"–astonished by the facts–"

Here's an analysis of the problem:

72%=$10
1%=1/72 of $10 or 10/72
100%=100 x 10/72 or
1000/72 or,
$13.888

Reducing the problem back,

to prove it, we have:

\$13.89	Selling Price
28	Percentage
11112	
2778	
\$3.8892	Gross Profit in dollars
\$13.89	Selling Price
3.89	Gross Profit
\$10.00	

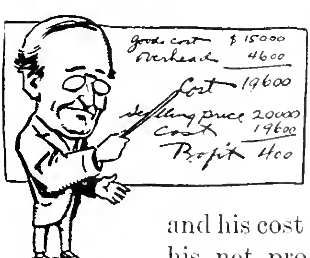
On the senior partner's method of figuring it took \$2.30 of the \$2.80 gross profit to cover the 18% cost of doing business.

A MICHIGAN grocer did a gross business of \$20,000 last year. His cost of doing business, including spoilage of goods and incidentals, was \$4,600 or 23% and he figured for 10% net profit.

His purchases during the year aggregated \$15,000. To this he added, in the process of marking each item during the year, the gross profit he wanted to make, 33%, marking the goods to sell at \$20,000

His banker asked him recently how much profit he made last year. He said \$2,000—10% on his \$20,000 gross business.

He made the mistake of assuming that 33% added to his cost was the same as 33% of his selling price.



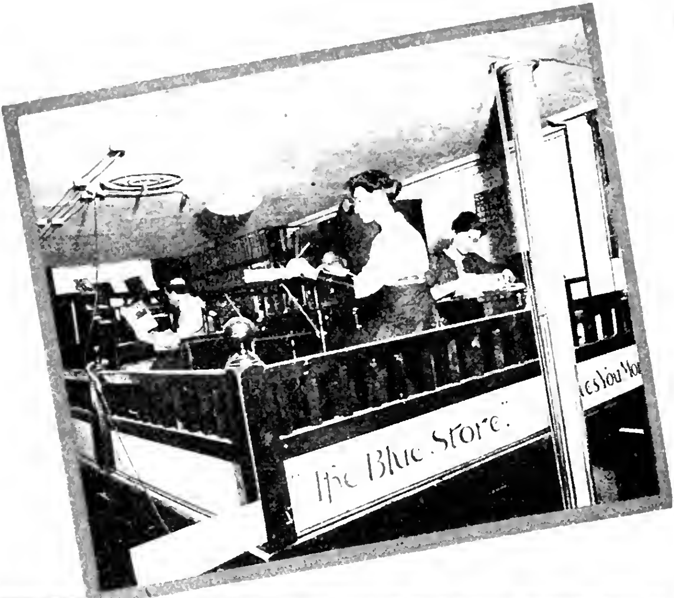
"—\$1,600 less than he expected—"

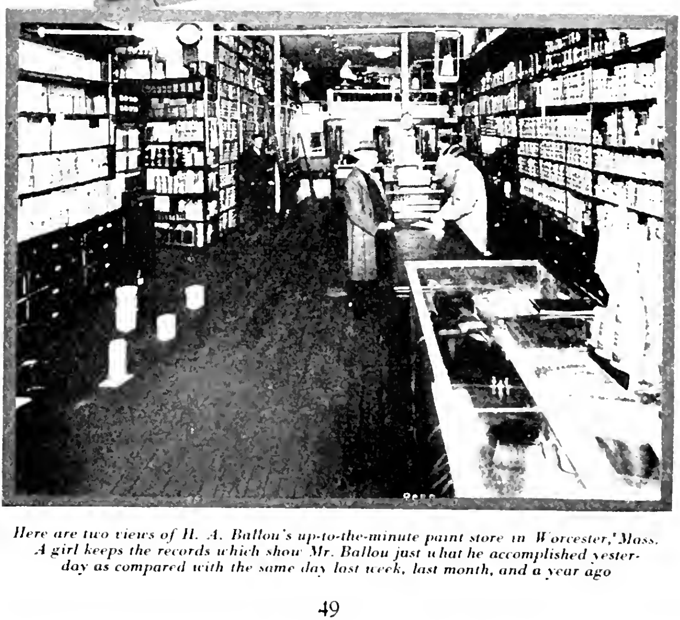
Let's see how far he was wrong. Adding 33% to \$15,000 makes \$19,950. 33% of \$20,000 taken from \$20,000 leaves \$13,400.

If he paid \$15,000 for the goods he sold for \$20,000, and his cost of doing business was \$4,600, his net profit was \$400. \$400 is only 2% on \$20,000. And he thought he was making 10%.

IT is not claimed that this method of figuring profits on the selling price is the only proper method. School arithmetics have always taught that in percentages, the cost price is the base. And, if it is remembered that the per cent of profit added to the cost price is always a profit on the cost price and not a percentage on the money taken in, that method is all right. However, as your profit is to come out of the selling price, it is considered by many to be safer to figure on the selling price.

DON'T get your percentages mixed! That is the crux of the whole matter of figuring profits. *The percentage of profit and the percentage of cost of doing business should be figured on the same base.* When they are, all the retailer needs to do, is to be sure that his average mark-up will give him the margin of profit that he deserves and expects; and, in case he does not have that margin on his books, in his cash drawer, or in the bank, at the end of an inventory period, he should make it his business to find out *why.*





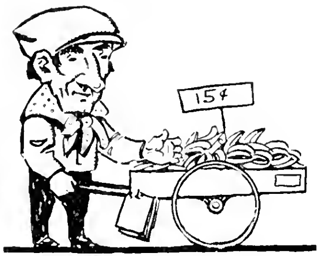
Here are two views of H. A. Ballou's up-to-the-minute paint store in Worcester, Mass. A girl keeps the records which show Mr. Ballou just what he accomplished yesterday as compared with the same day last week, last month, and a year ago

What a Sales Record Can Teach You

It is by knowing what has sold, that the chain store fellows are able to make such enormous sales on such a small stock

THE banana man who sells his entire stock of bananas every night can tell you the exact number of bananas purchased and the exact number sold during any business day.

He knows all there is to know about the "sales end" of his business. It isn't guess work with him. He knows absolutely what he has done; what he has sold; what he has purchased; what profit he has made.



"turns his stock at least once a day—"

With him each day's business is a separate business, just as much so as if he were a banana merchant on Monday, a peanut vender on Tuesday, and a baseball player on Wednesday.

If he over-buys, he just cuts the price to make his stock move. He doesn't carry any dead stock. It isn't necessary to take an inventory at the end of the day to find out how much stock he has. He has none.

What he doesn't know about his sales and purchases isn't worth bothering about.

He has a "statement of his business" that makes him look like a wizard compared to most retailers.

He has sales analysis down to a fine point.

Yet the banana man doesn't need to keep books.

He has only one line of goods; he is his own and only clerk; he closes out his business every day—it is comparatively simple to arrive at all the sales facts.

But even the smallest retailer has a much more complicated business.

The average retailer has many lines of goods. He has several clerks. He doesn't close out his business every day. It continues from day to day, week to week and month to month. He doesn't even close it out at the end of the year.

On account of its being bigger, he can't know as much about his business unless he uses bigger methods for getting the information.

If a man has a mind big enough and magic enough and superhuman enough to grasp all the details of a big retail business and to store them up in his memory for weeks and months—

Well, then, he would be wise enough to use records instead of brain cells for a bookkeeping system.

He would do just what all the successful retailers, the chain store fellows, and the really successful one-man businesses are doing.

THERE is a chain of big clothing stores, doing business in a number of cities, employing from twenty-five to a hundred clerks in each store, which can give you just as complete information about its sales as can the banana merchant who sells but one line of goods, has but one clerk, and who closes out his business every day.

This chain store company is not unusual; its methods are unusual only in that they are typical of the methods of other successful merchants in every line of business.

For every sale that is made in each of the stores in this chain, the clerk makes out a sales slip giving the

name and amount of the goods sold and the price.

The bookkeeper tabulates this information and is able to tell at the end of the day how much goods of each line has been sold, the number and the amount of the sales by each clerk, the number and the volume of sales in each department, and number and the volume of sales in the entire store.

In the home office, the bookkeeper tabulates this information so that the managers of the great corporation which conducts the stores can tell at a glance exactly what profit has been produced by each line of goods, and by each clerk in each store.

If the expenses in each store, for instance, exceed by one-fourth of one per cent the established average on the total sales, that store is going to hear from the Home Office before long.

—home office tabulates sales from branch office records—"

Each store is allowed about 10 to 10½% of its total sales as salaries. After the manager's salary in each store is taken out and allowance made for bookkeepers, stenographers, janitors, watchmen, etc., about 8½% to 9% is left to pay the clerks.

If a single clerk shows sales in such small amount as to raise the percentage represented by his salary to above 9%, he will very quickly hear from the manager.

If the condition continues for any considerable length of time, the clerk is certain to be dropped and some one else put in his place who can reduce the cost of sales behind his counter to 9% or less.

If a clerk sells enough goods to bring the percentage represented by his salary down to less than 8% of his sales, the management watches him and soon raises his salary or promotes him.

And then if a certain line of collars, for instance, doesn't sell as readily as some other line, the line which sells best (the store is in position to know what lines sell best), will soon be the only line of collars carried—the line which will be pushed.

With complete sales information these stores are able to quickly eliminate the goods which won't sell and to replace them with goods which will sell.

And no store which doesn't keep a complete record, and which doesn't push lines which show a fair profit and drop lines which don't, can long hope to compete with stores like those in this chain.

Apply these methods to your business for a while and see if you don't increase your sales and decrease your ratio of expenses.

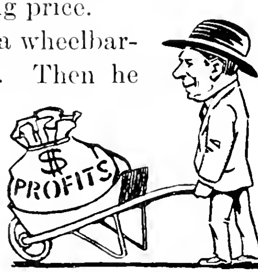
During the year 1914 over 12,000 retail merchants went into bankruptcy in this country, and there was a reason for every single one of these failures. They did not just happen

Figuring Stock Turnovers

Business is a tank of profits. Capital is a myriad of sponges. The sponges should be constantly put into the tank, one at a time, then taken and squeezed dry

A SHOE dealer bought ten pairs of shoes at \$2 a pair and sold them at \$3 a pair, costing him \$20 and selling for \$30. He turned his capital once, at 33⅓% gross profit on the selling price.

An implement dealer bought a wheelbarrow at \$2 and sold it for \$3. Then he bought and sold another and another and another until he had sold ten, costing him \$20 and selling for \$30.



"—turning capital often means many profits—"

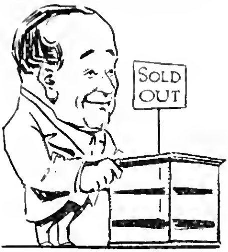
He turned his capital ten times, at 33⅓% on the selling price at each turn.

One merchant makes 33⅓% on his investment. The other makes 333⅓%, gross. The difference is that one man invests \$20 once. The other man invests \$2 ten times. Both do a gross business of \$30.

If both had \$20 at the start, the Implement Dealer could have invested his other \$18 in a dozen other items. By the time the Shoe Dealer had sold his whole ten pairs of shoes the Implement Dealer would have sold ten each of the other twelve items.

Capital is turned once when it is invested in stock and all the stock is sold.

In practice this becomes very complicated, because a part of the capital invested is released almost immediately and put back into additional stock.



"—turned stock once—"

This has the apparent effect, on the books, of increasing the investment. The purchase records show stock purchases very much in excess of the capital invested. Sales records show however, that this stock has been sold.

A dry goods man doing $100,000 business per year on a $10,000 investment, for instance, probably puts $60,000 to $70,000 into stock—that is, re-invests his $10,000 capital from six to seven times.

Knowing the amount of money originally invested, the average amount of stock on hand and the total amount of the purchase, the retailer can arrive at the number of times he has turned his capital without reference to the amount of the gross business. Whether he has turned it at a profit each time is another matter.

We have purchased $30,000 worth of goods. Our stock averaged $5,000. Our original investment was $5,000.

We have re-invested our money six times. We still have the same amount of stock we had in the beginning. So we have invested our capital six times.

The hardware man who has $10,000 worth of stock when he takes his inventory needs to know the amount of the purchases and the average stock on hand to arrive at the number of his turnovers.

When he tries to figure the number of turnovers on the gross business, he must allow for the profit on each turn of his capital before he can know the number of turnovers. He is working without a starting point.

If he knew the amount of the purchases and the average amount of stock on hand, it would be an easy matter to see that he has re-invested the amount

represented by his stock a certain number of times.

Suppose you had a gross business of $10, had stock on hand worth $1, and knew that you averaged $1 worth of stock during any given period, how many times would you have turned the stock investment $1?

Most retailers would jump to the conclusion that you had turned it ten times.

Now, let's see. Suppose you made 50% gross profit (based on selling price) at each turnover. Fifty per cent of $10 is $5, so your total stock investment represented in the $10 gross business was only $5.

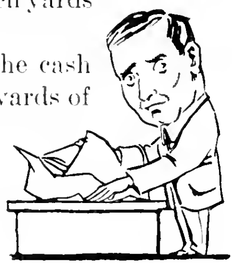
You turn your capital once when you sell all the goods you have bought, regardless of the price at which the goods are sold.

The Robinson & Jones Co., of Natick, Mass., are dealers in coal, wood, brick, lime, grain, etc., and operate a grain elevator in connection. A daily report of business done, keeps the manager of this company in perfect touch with the varied business

The Purpose of the Inventory

The Inventory is to the stock record what counting the cash is to the cash register

A CLERK in a retail dry-goods store sold half a dozen items to a customer for cash. As he was wrapping up the order he slipped ten yards of silk into the package.



"—slipped 10 yds. of silk—"

When he rang up the sale on the cash register it did not include the ten yards of silk.

The cash register didn't yell "murder," and there was no record of the silk removed from stock.

When the owner of the store counted his cash at night, he found in his cash register just the amount which the tape showed should be there.

He thought his clerks were all honest. He never suspected anything to the contrary. Yet this one clerk was as crooked as the negro porter's kinky hair.

At least a dozen of the customers of the store always insisted upon being waited on by this one clerk. Apparently it was friendship and good salesmanship. In reality, in this case, it was—something else.

These customers, apparently among the best customers of the store, came in almost every day. The amount of goods they took away unpaid for and uncharged, however, much more than ate up the profit on the goods for which they paid.

At the end of the year an inventory was taken. But the method of taking inventory in this store

wasn't designed to uncover crookedness. It was only designed to give the owner of the store a rough estimate of the amount of goods on hand.

The inventory was not checked against the sales or purchases. No stock record was kept.

About three years after this clerk was employed the owner of the store decided that he should have a better bookkeeping system.

Within a month after the complete system was put in operation the crookedness of the clerk was discovered. The loss was estimated at $1500 a year through the dishonesty of this one clerk.

The merchant now takes an inventory four times a year and keeps a stock record which enables him to check his inventories against the stock he should have on hand. It protects him and his clerks.

His purchase record shows him the exact quantity of stock bought of each line. When goods are sent from the stock room into the store, the amount is recorded in the stock book.

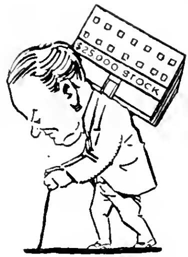
At the end of three months when the goods in the store are inventoried, the quantity on hand in the store, and in the stock room, must balance with the stock as shown on the stock record.

His new bookkeeping system departmentizes his store in such a way that if any particular line of goods was short he could at once trace the shortage to the clerk who was in charge of that department.

A DRUGGIST in a Pennsylvania town who had never taken an inventory in the ten years he had been in business, got pinched for money and decided to check up his stock in the hope of raising money by a clean up sale.

He found $2500 more goods on his shelves than he thought he had.

He thought he was carrying about $8,000 worth of stock. In reality he was carrying $10,500 worth. He had kept no records that enabled him to know how much he had purchased; how much goods he had sold; or the amount of profits he had made.



"—carrying heavy stock—"

If his store had burned out before taking his inventory he would have been satisfied with $8,000 from the insurance companies. He would not have known that he was figuring himself out of $2,500.

After he took his inventory he was so astonished at what he found that he decided to put in a system which would enable him to know exactly where he stood all the time.

With an accurate system he was soon able to reduce the amount of stock he carried and to make a great deal more money.

The amount of capital released by the up-to-date methods enabled him to meet his bills and open another store. Now he conducts half a dozen stores.

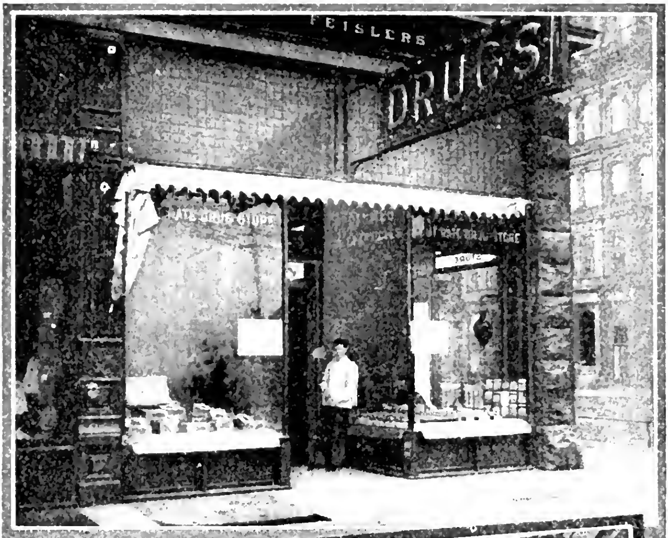
An inventory without a stock record affords no check against the goods which should show in the inventory. A stock record without an inventory affords no check against the theft of goods from stock.

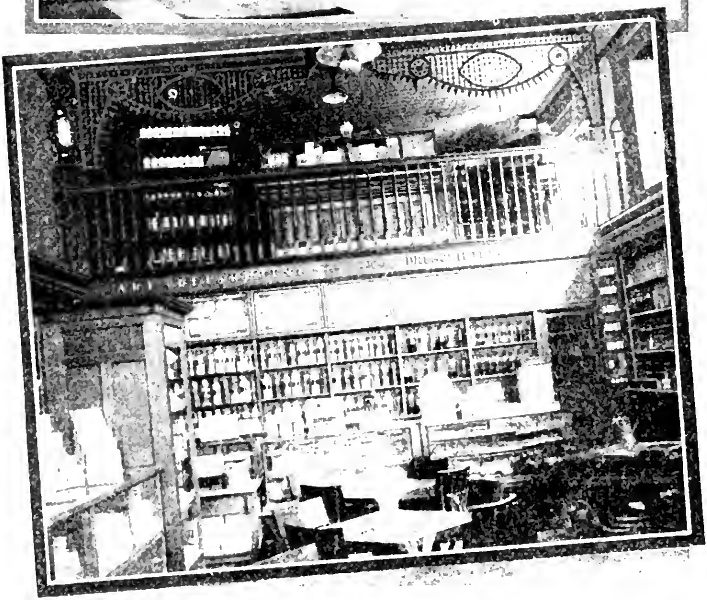
The inventory is to the stock record what the counting of cash is to the cash register.

Running along from year to year without knowing what stock you have on hand is no more business-like than going along from day to day without knowing what money is in the cash drawer.

Are you only guessing at the amount of stock you have on hand? Is your inventory only an estimate of the amount of goods you should have?

Can you honestly say that you are able to make as much money out of your business without really knowing all there is to know about it, as you could make out of it if you did have the information at your fingers' ends? Be honest with yourself.



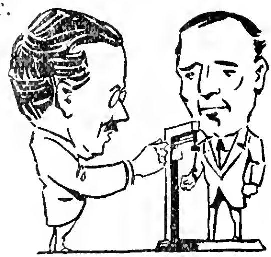


Frank L. Feisler, of Erie, Pa., is very enthusiastic about his system of accounting. A year ago he declared his old system was entirely adequate. No inducement would cause him to go back to it now

"Weighing" Employees

In scientifically managed stores, every clerk is a sales barometer whose readings are always visible to the manager

THE head of a big Chicago department store, looking over the sales figures for the month, noticed that the clothing department showed a slight falling off from the preceding month and from the corresponding month of the preceding year.



"—does he weigh a profit or a loss—?"

On examining the reports for the sales of each employee in the department, he found that three of them had made less sales than during the preceding month, or during the corresponding month of the preceding year.

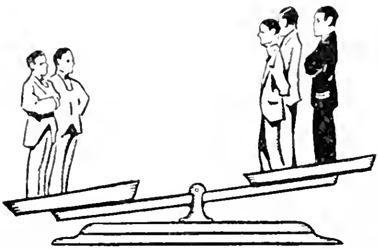
A further study of the figures proved that these three clerks had shown a steady falling off, while the other two clerks in the same department had gradually built up their sales.

The two clerks were costing about 8½ per cent on their gross sales as against 9½ per cent for the same clerks for the preceding year, a nice increase in efficiency.

The other three clerks, who showed a falling off were costing around 11 to 12 per cent. That is, their salaries equalled 11 to 12 per cent of their gross sales.

This brought the salary cost for the department up to 10½ to 11 per cent of the sales.

It wasn't necessary for the manager to call in the department head. No conferences were necessary. The figures told the whole story. Two of the five



"—two clerks beat sales of three others—"

clerks were good clerks and three of the five were unprofitable, inefficient.

In a month the department sales had picked up until the salary cost was down to the regular 9½ per cent—five good clerks were handling the sales.

In the big stores, clerks are judged and paid on a basis of the amount of goods they sell. If a clerk is paid $6 a week, she must sell goods to the aggregate of between $65 and $70 a week. That is, her salary cannot exceed 9½ per cent of her sales.

There is no guess-work about the value of employees in the scientifically managed stores. Employees are judged wholly by what they do, and the figures which are furnished to the head of the store are figures which enable him to absolutely know without a question of doubt, what every clerk is doing and what he is worth.

Every employee is a barometer, whose readings, in dollars of sales and per cent of cost, are always on file in the manager's office.

If the salary runs to 8 or 7 per cent the employee is scheduled for a raise. If it runs down to 5 or 4 per cent the employee will soon be promoted.

Have you ever puzzled over the problem of whether to raise the salary of a certain employee who is looking for a better job?

Have you ever wondered whether the old employee who seems satisfied to stay on with you year after year without much increase in salary is really worth what he is getting?

If you have more than one clerk, are you absolutely sure which is the best one?

Do you know whether one of them is making himself "solid" with your customers by giving them long measures and over-weights?

Do you know whether the clerk who sells most goods is really bringing in the most profits or just selling the goods that go easiest?

Wouldn't it put some warmth in your words when you tell John that you are going to give him that extra dollar a week he asked for, if you could turn to your records and see that John had been showing a steady increase in sales day by day and week by week for many months past?

And wouldn't it put backbone into your decision not to give Henry a raise when you could see by your records that his sales were showing a steady falling off? Maybe you could even find another "John" to take his place.

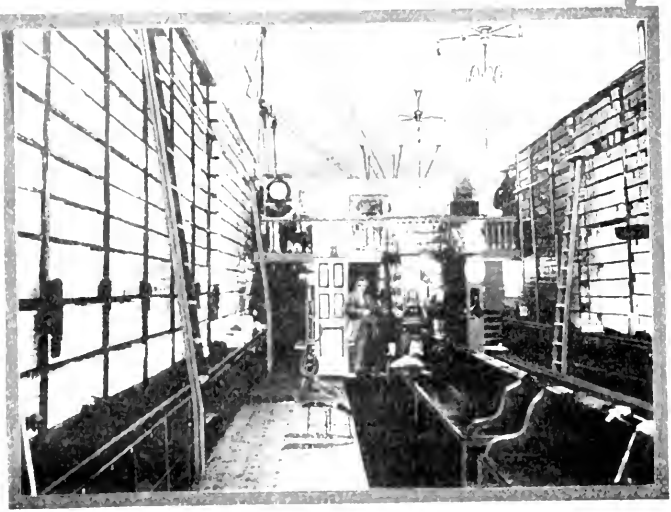
Let John and Henry make out a sales slip for each sale. Have the figures on these slips tabulated by days, then recapitulated into months. Then you can know, all the time which is the best clerk.

It wouldn't take much time. The big stores find that it pays big dividends in "weighing" clerks, in the prevention of mistakes, in supplying information about sales by lines of goods, by clerks, etc.

It costs them as much per clerk as it would you. Some of them have as high as 5,000 clerks, all making out sales slips on every sale.

The average big store can find out more about the sales ability of any one of its 5,000 clerks in five minutes than the average small store could tell about its one clerk in a whole month.

The success of big stores proves that it pays to keep records. Are you going to let the big fellows crowd you out of business, or are you going to defend yourself with the weapons they have sharpened for you?



Retail shoe store of Trost & Lacey, Erie, Pa. "We can tell at a moment's notice the exact amount of stock on hand of each line, and the exact sales in each department." They know the results of every business move.

Cutting Delivery Expense

WITH many retailers the expense of maintaining efficient delivery service is a vitally important item in the cost of doing business. Poorly regulated delivery systems are a detriment to trade and a drain on profits. Efficient methods of delivery promote good will, save time and money, and make for a better business generally.

"—high delivery expense eats up a business

What can be done in the way of improving delivery methods depends, of course, largely on the local conditions the merchant has to face. However, there are certain tried methods which have been found effective weapons for a progressive fight against rising costs. Here are some of them.

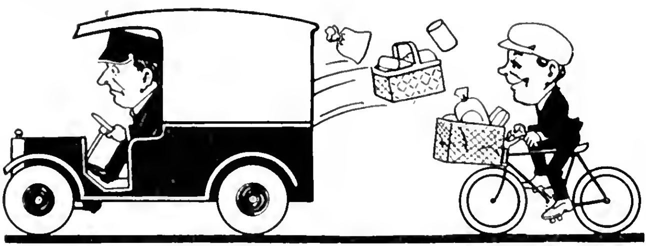
In several mid-western cities merchants have successfully co-operated on deliveries. The savings effected by this means amount anywhere from 25 to 45 per cent, depending on the number co-operating. One of the considerable savings comes in equipment. The reduced cost of labor is another item. In three Missouri cities, where co-operative deliveries have been tried, it has been possible to eliminate fifty-nine wagons and one truck.

Two methods of handling co-operative deliveries have been tried and proven successful. Under the first method, an independent company is organized, which charges each distributor according to the number of packages handled for him. Such delivery systems in Massachusetts, Michigan and Kansas, are

making money for the owners and reducing costs for the merchants.

The second method is for the retailers to co-operate among themselves. In a certain New York town, seven groceries, three dry goods stores, and one meat market handle their deliveries under this plan and at a saving of sixty per cent over previous costs.

There are other advantages in centralized deliveries. Among them are: Such deliveries are made in all directions at once, goods get to the customers quicker and the retailers can close up for the night earlier than when they deliver individually. Deliveries are made at regular specified intervals, and the wagons run on schedule. Customers soon get used to this fact and order their goods accordingly. Undoubtedly, where co-operative systems are effectively managed, they are a real solution of the delivery problem for many merchants. Co-operation is a good thing anywhere. Organized co-operation with the definite idea of cutting delivery costs, is a money maker for all concerned.



"—co-operation is a good thing anywhere—"

On the other hand, where co-operative deliveries are impossible or impracticable, the individual merchant can invariably get better results by injecting systematic methods into his delivery plan.

There is one stock objection to systematized delivery. Mrs. Jones, who is an old customer and a regular one, calls up at two minutes to five and wants

a pound of butter or a can of corn. The merchant hates to refuse her. He calls the boy, or one of his clerks if the boy is out, and has him use store time to deliver a 30 cent package. What is the result? Mrs. Jones' good will but also her reinforced belief that she can do it again. Systematized deliveries avoid this difficulty. When first installed such a plan may cause some temporary dissatisfaction, but when customers learn that systematized delivery means better prices, they forget their desire for every-hour service.

IN a certain Virginia city one grocer controls one half of the retail grocery trade. Systematic delivery methods had as large a share as any single factor in building such a business.

Fourteen years ago, this retailer put his first wagon on the street. During the next four years, his delivery was more of a drain on profits than he thought it ought to be, so in 1905 he incorporated a separate delivery department.

At that time he had seven wagons. These wagons covered long, circuitous routes which overlapped a lot and got conflicting results. His accounting system did not tell him how much deliveries were costing him, so he set aside 2½ per cent of gross receipts to cover that expense. A thorough test proved this estimate to be entirely too low.

By raising it to 3½ per cent, the grocer found that the department could about break even organized that way. But he wanted to give his customers greater service. Simply cutting delivery expense was not this retailer's idea of building efficient delivery service. He wanted to keep his delivery system as economical as possible and at the same time have it serviceable enough to satisfy his customers.

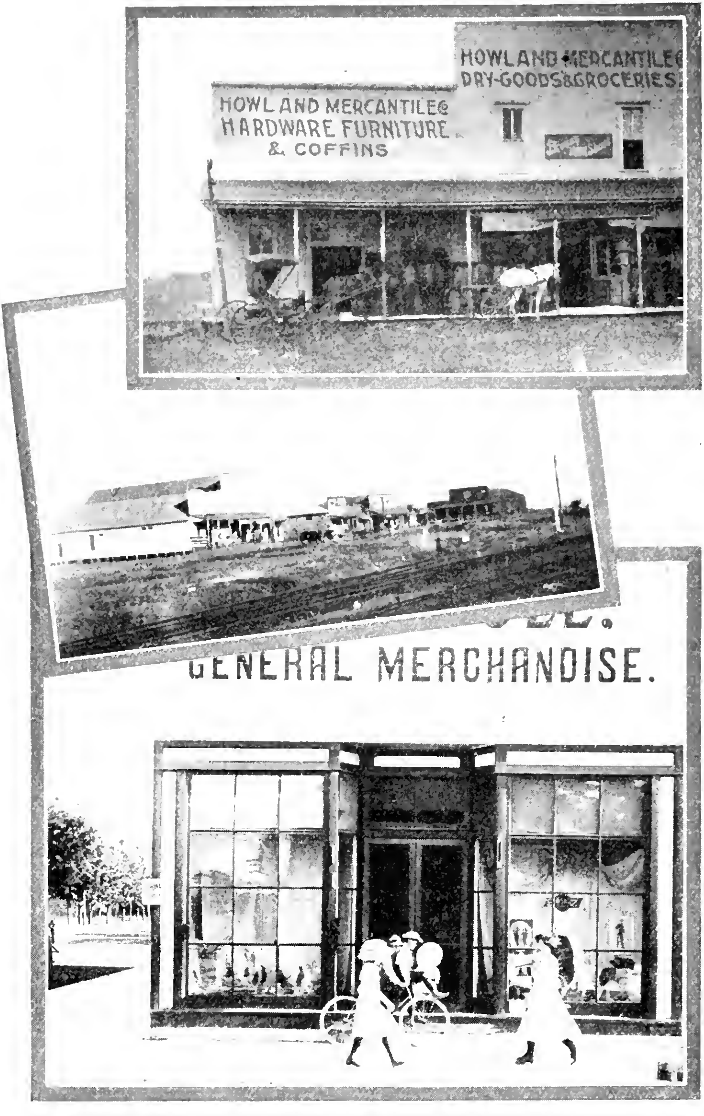
So he set about investigating modern methods of delivery. He first investigated the territory he had to cover. Then he studied equipment.

Routes were mapped out in zones and certain wagons assigned to certain zones. Customers were furnished with schedules showing the time of deliveries in their section; and were given to understand that their orders must be in at least thirty minutes before the departure of the route wagon or truck in order that their goods might be delivered when they wanted them. This caused some grumbling. But when the customers were educated to the practicality of systematized delivery, they ceased their grumblings and were glad to take advantage of the better prices and fewer mistakes made possible by organization.

As the system now operates, routes have been specifically laid out in zones so that no two cover the same territory. Hourly service is afforded customers in the downtown districts, deliveries four, three and two times a day are afforded customers in the outlying zones; and daily deliveries are arranged for certain suburbs. Automobile delivery is made only in the furthest outlying zones and distant portions of the city proper. Horse-drawn vehicles make deliveries in the down town zones. That was one seemingly small thing investigation taught this man—but it means a big saving of money.

"—in a hurry for dinner doesn't pay—"

Special deliveries of hurry-up orders have been so firmly and persistently discouraged that customers seldom make such requests now. This grocer early learned that a merchant can't afford to deliver a can of corn "in a hurry" for dinner without somebody paying the bill.



The middle photo shows Howland, Texas, where the Howland Mercantile Company's store (shown in the top picture) is located. The lower photo shows the general store of J. E. Tull & Co., of Kennewick, Wash. Both of these are live stores

Accounting Good at the Bank

The sort of man the bank says No to is the man who doesn't know all the facts about his business.—System

HENRY JOHNSON was a small grocer whose specialty was fresh eggs and good butter. His trade increased under the stimulus of right methods and new clerks were employed. Finally his business reached a point where much larger quarters and better facilities were necessary.

He kept his own books, consisting of a daybook and a ledger, and didn't see a need for anything better.

The time came, however, when more credit was needed to meet the demands of his increased business. He went to the bank to seek an accommodation.

His banker asked him for a statement of his affairs. Of course he was unable to give a satisfactory statement and the loan was deferred.

This was a rather rude awakening to the necessities of his business. He took the banker's advice and called in an auditor. The auditor told him that it would be necessary to adapt his system of accounts to meet the changed conditions of his business.

His single-entry books had been all right to start with, but they were now too incomplete. The completing entries must be made at frequent and regular intervals.

Additional accounts had to be opened and the books kept in such a way that he could know at all times just where he stood.

In short, he needed to know as much about his big

business now as he was able to know about his business when it was little.

The auditor's advice was followed. The system recommended was installed, and a competent bookkeeper was put in charge.

Mr. Johnson soon realized that he could now do what he had long desired to do—branch out. It was no longer a necessity for him to be constantly on the job to know what was being done.

"—'grocery king' of his city—"

Today Mr. Johnson has a string of stores and is known as the "grocery king" of his city.

He has long since ceased to be the sort of man the bank says No to. He knows the detail facts about his business so well that his bank has all kinds of confidence in him.

"There are lots of business men who don't really know much about their business—bright, industrious, business men," said a banker.

"There's a popular notion that a man may be expected to know his own business. As a banker, I've grown skeptical about it.

"A man may be at his desk every day and not really know what's happening in his store.

"The thing that shows whether a business man's request for credit is right or not is the statement he shows you.

"Most banks now use special forms and reports that enable us to know the direction in which most of our prospective customers are going."

Every merchant keeps some kind of records. But most of them keep accounts which don't account.

Some merchants neglect to keep complete records because it costs money, but they pay for the records

anyway, whether they keep them or not. In fact they pay most for the records they don't keep.

Doing without a thing which is needed does not save its cost. It always costs more to do without a thing which is really needed than the thing itself would cost.

W. D. Simmons, head of the great Simmons Hardware Company, tells the story of a retailer who went broke because he failed to realize the importance of being able at any time to show his creditors just how his business stood.

He didn't keep proper records of the details of his business. When he got into a close pinch and needed credit or additional capital he couldn't show his banker nor the supply house, any good reason why they should have confidence in him.

Things had gone so far before he really knew the conditions he was facing, that he couldn't possibly save himself. He was broke before he knew it.

"In talking with him, afterwards," said Mr. Simmons, "I found that he had thought if he kept track of his invoices until they were paid, so as to know how much he owed and to whom, and kept a record of the amount of money different people owed him, that was really all that was necessary.

"Any records other than those, he thought, were 'foolishness,' and just made extra work."

"—many stores for sale—"

Every merchant has an accounting system that he considers sufficient for his business. Most of them even think it is the best system that could be designed for their business.

That is why so many retail stores are for sale—why only a bare 5 per cent of all retailers really make a success of their business.

That is why so many of them, like the hardware man Mr. Simmons tells about, are unable to get credit in a pinch.

As a test, could you prepare a statement of your business on short notice that you, as a banker, would be willing to loan depositors' money on?

Could you produce a statement of your business in 24 hours that would convince a cold-blooded, hard-headed creditor that you really knew your business?

If you can't, you may come down to the store some morning and find the sheriff ready to sell you out to satisfy some fool creditor to whom you can't prove that you are making money.

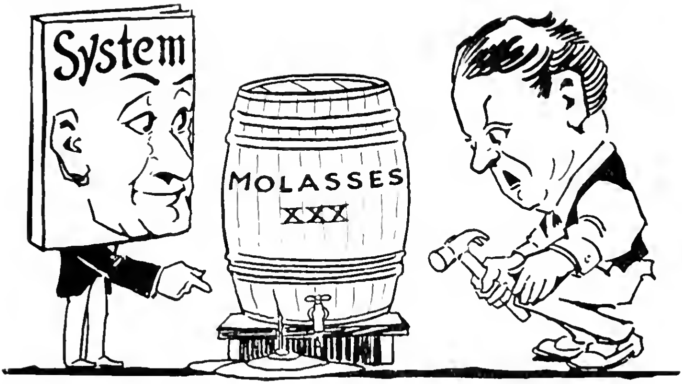
Storms break very quickly, sometimes. Be ready for yours when it comes.

Uncle Crabapple Says:

Hiram tried to borrow a hundred this morning. Th' man that stands well at th' bank is th' man that knows what he made last month and has th' figers t' prove it. Hi. got turned down.

The Boss's Eye

YES, all these things are true," says the retailer, "but how am I going to stop these leaks. I may be so busy out on the sidewalk selling turnips that I don't know the molasses barrel is leaking in the cellar."



"—a system will not do anything. It only points out the things to be done—"

That is just why this book was written. No proprietor who is selling on the sidewalk, or behind the counter for that matter, can keep track of all the leaks, unless he is in a one-man business and is selling everything for cash to those who carry the goods home.

Then, the goods on the shelves, and the cash in the bank and in the cash drawer, are his assets.

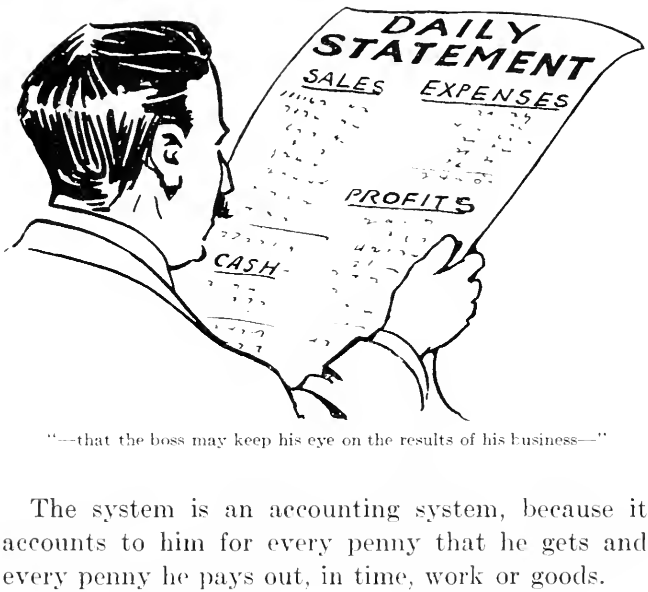
He may be able to sell the goods, or make a physical inventory, in a single day—and count his money in a few minutes.

What he owes are his liabilities.

Everything is under his own physical eye: he could tell in a short time just what he is worth.

When he begins selling on credit, enlarges his business by adding one or fifty or a hundred employees, buys goods that are stored below and above, and starts a delivery department, then he no longer has the business under his eye—the molasses barrel may empty itself without his being the wiser. Hence he must have a system that will keep a record of the results of all the activities of his people—of the incoming and outgoing of the goods (which represent his money)—that will tell him the true value of all this activity.

Any system is just a method by which the Boss may keep his eye on the results of his business. With an adequate system he can have in one place an accurate reflection of all that goes on in his business.



"—that the boss may keep his eye on the results of his business—"

The system is an accounting system, because it accounts to him for every penny that he gets and every penny he pays out, in time, work or goods.

According to the thoroughness and efficiency of the system in searching out and telling the whole

truth about the activities of the business depends whether the Boss's Eye has a chance to see the things it ought to see.

If the System is right, then it is up to the Eye to see the facts, and the Judgment to use them.

The System will not do anything. It will only show the Eye what ought to be done.

It all comes back to the Boss with the Eye.

No matter how handsomely bound, or prettily ruled the pages of the account books—no matter how bright and new his pens and blotters, or how polished the cash register and how modern the adding machine—these alone won't make a business successful.

They are only the most efficient means by which to attain an end.

No matter, on the other hand, how clever the merchant—if he has no books of account, or if he has incomplete accounting books and inefficient methods of handling them, he can't make the profits of the man who is his equal in merchandising ability and who has a thorough system, efficiently handled.

All businesses are "different"—because each one has an individuality—just as all horses are "different," but there are certain horse qualities common to all.

So all retail businesses are alike in the things which make them retailers and not manufacturers, or railroads or even wholesalers.

All accounting principles are the same—always; but the methods of applying them may vary.

You may have loose-leaf books or card-ledgers, but your debit and credit will be the same: you may use a cash register, but you'll have to have a double entry set of books, or your credit won't be as good as the credit of the man who does have such a set of books.

Assets

Horses & Wagons

Furniture & Fixtures

Inventory of Stock (By Depts.)

Freight on Purchases (By Depts.)

Customers Ledger Controlling Account

(Individual accounts may be kept in the same binder with the general ledger, but should be grouped by themselves)

Bills Receivable

Cash in Bank

Petty Cash

Prepaid Insurance

Proprietor's Personal Account

Liabilities

Capital Account

Audited Vouchers

(Controlling Voucher Record)

Accounts Payable

(Controlling Individual Accounts of Shippers)

Accrued Taxes

Bills Payable

Reserve for Doubtful Accounts

Reserve for Depreciation

Profit and Loss

Expense Accounts

Salaries

Rent, Light & Heat

Store Supplies

Advertising

Insurance

These Accounts to be kept by Departments

Stable Expense

Printing & Stationery

Postage

Telephone & Telegraph

Discounts, Allowances & Exchange

Bad Debts

Taxes

Depreciation

Miscellaneous Expense

Revenue Accounts

Sales & Cost of Sales (By Departments)

Cash Discounts Received

Other Income (Itemize)

Chart of Accounts

(Showing the records it is necessary to keep if the retailer would know where his business is headed for and where his profits come from. See page 43)

THE other day a retailer who had been doing a fair business, said: "My business has been increasing right along year after year, and very much more than expenses have increased. So it seems to me, that I ought to be making quite a little more money than I am."

He consulted an old business friend about it.

They looked over his books, which had been carefully kept by a young man who had "picked up bookkeeping."

It soon appeared that the retailer's books were not kept so he could show how the gross profits of any month compared with any other month. The books could not show for any particular period whether expenses had increased out of proportion to other things.

Then his friend's expert bookkeeper was put to work—and he soon found that a trusted employee had been stealing the profits.

The ineffective accounting method couldn't show that fact—therefore the Boss's Eye could not see it.

It is not the purpose of this little book to show a retailer how to install a system of accounts. He should have that done for him by a man who studies his business and its requirements. It is our purpose to show him why he should have all the facts.

On page 78 is shown a list of accounts which a retailer who rents his store, makes his own deliveries and has, or has not, a perpetual detailed inventory, must have, to intelligently manage his business.

This list is offered merely to show the kinds of information which a retailer must have to be safe.

Remember there are three things you must answer:

1—Where is your cash and how much have you?

2—How much do you owe?

3—Where's the stock you bought, how much have you sold, and how much have you on your shelves?

If you have a system of accounts that tell you these things, you have:

1—Protected yourself in knowing what you are doing and by knowing the value of your activity.

2—Protected your family—your wife and children—so when you are called away, your administrator or executor won't have to report that "he left his estate in a badly tangled condition." Neither will they lose through most of what you leave being eaten up in the process of untangling of your affairs.

3—Protected yourself against fire loss, because without a system of accounts you would probably be unable to prove more than 60 or 70 per cent of your loss.

4—Given yourself a chance to use all the credit you are entitled to at the bank, by having an accounting system that shows what you are doing, and that you know what you are doing.

Now, get started right on this matter of an accounting system.

Don't fool with make-shift systems—short-cut ideas that cut the essential facts out of the statements you get.

A great manufacturer of accounting systems largely used by retailers wrote the writer the other day:

"I have from my experience come to know that the rank and file of small retail merchants care little or nothing about system in their business, and this accounts for the large proportion of failures. Even after we succeed in installing one of our systems very few of them will use it correctly; therefore, their success with it is limited. They merely want a system or device that will relieve them of the bookkeeping, yet they are not willing to do the little extra work

necessary to compile the comparative statements of their business which would enable them to more intelligently determine just what progress they are making."

Get the facts. Hire a bookkeeper who knows how to help you. Get started right. Then have an expert come in once in a while (say every three months) and check up your work—just to keep you on the right track.

Then keep your Eye on the Expense and Income accounts.

When the former jumps, dig into it and find out why.

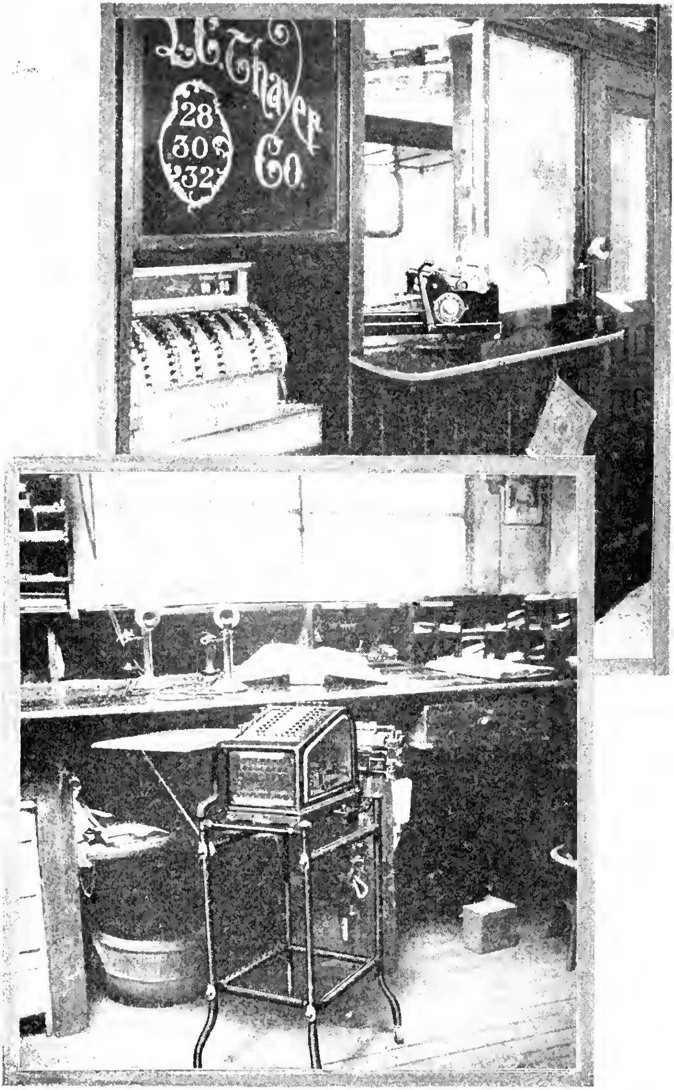
When the latter decreases, dig again and find the reason; when it increases, find out what produces the effect, and push that good thing for all you are worth.

Keep your Eye on the facts of the business. It can't see too many, and you can't know too much about what those facts really mean.

That is why the big business has an accounting system: and why no permanently successful business, big or little, has ever gotten along without an adequate bookkeeping system.

No business man has ever been a failure because he had a bookkeeping system. No business man has ever been successful because he didn't have one.

> *"Trade is a safe channel to those that keep in the fair way, so the sailors call the ordinary entrance to the harbor; but if, in contempt of dangers and warnings, any man will run out of the course, neglect the buoys and marks which are set up for the direction of sailors, and at all hazards venture among the rocks, he is to blame nobody but himself if he loses his ship"*
>
> —*Daniel DeFoe*



L. C. Thayer's booth in one of the Boston Markets is so small he has limited his office to 3x4 feet and operates his adding machine on a shelf. The lower picture was taken through a window because the office was too small to get the camera into. It shows the office of Shaffer, Candor & Hopkins, Hardware, of Lock Haven, Pa.

Paying for What You Don't Get

If a man needs a thing in his business, it is likely to cost more not to supply the need than the thing itself would cost

A DRUMMER, walking into a hardware and implement store in the corn belt, found the proprietor back in the warehouse setting up a stove.

After watching the work for a few minutes the drummer interrupted him.

"—boss setting up a stove—cost him a $30 sale—"

"There's a chance for a man to get a good place as manager of a store down the state," he began. "It's owned by a stock company. At present they're without a manager."

"The position will pay $200 a month to the right man. I'd like to find some hustling fellow I could put them in touch with. They're good customers of the house."

"Say, that looks good to me!" the merchant returned. "You know I've found it pretty hard here, for lack of capital. I wouldn't mind making a change if I could get a place like that."

"Do you consider yourself a $200 man?" the drummer asked, with a twinkle in his eye.

"I certainly do!"

"Well, you wouldn't do at all. That company wouldn't stand for a manager who spends his time

putting up stoves while a $60 clerk is out in the store trying to sell a hard customer."

The drummer may have been only joshing about the $200 job to teach the hardware man a lesson, but the story has a point just the same.

A man who allowed himself a salary of $200 a month was doing his own bookkeeping by hand.

He spent two hours a day on his books, not including the monthly trial balance.

At that rate it cost him about $1.75 a day, $45 a month, to keep his books.

He bought a Burroughs Bookkeeping Machine. Immediately he cut the amount of the time required to one-half. This gave him even better records at a cost of less than $25 a month.

This is a saving of $20 a month, $240 in a year. Before his Burroughs wears out, that saving, deposited regularly in a savings bank, would aggregate more than $6,000.

But that is not all this man saved.

He found that he could get a girl to keep his books on the machine as good as he could keep them by hand.

Working full time she cost him but $1.50 a day and gave him so much valuable information that he soon doubled his business.

A man is not in business to keep books, any more than he is in business to sweep out his store. He is in business to sell goods.

Books are kept to give him, every day, a complete statement of his business, so that he may know what steps to take to sell more goods profitably.

When a man is cooped up, in his bookkeeping cage, who is running the business for him? It is being run by his cheap clerks.

Can a $60 a month clerk run a business as well as a $200 proprietor?

Of course not. When the business is being run by a $60 man, it is a $60 business. When it is run by a $200 man it is a $200 business.

That is the difference. A $200 man can sell more goods. He will drive away less regular customers. He can convert more of the transient customers into regular customers.

If he is a $200 man he can use more of the figure-information shown by the bookkeeper—if he saves the one hour to think in and saves his mind fresh to work out ways of increasing his business.

One new customer added to a store's regular patronage every day, means an increase in gross business which at the end of a year would amount to $1,500 a week—$63,000 a year.

"one new customer"

Five per cent net profit on that volume of business will buy a mighty fine automobile.

If the proprietor of a store who keeps his own books by hand, would save the time which he can save by using a Burroughs and devotes that time to thinking out schemes for window displays and advertising, and planning sales and better interior arrangements, and working to put his schemes and plans into use, couldn't he bring in one new customer a day?

Couldn't he make his business pay him several times more than a Burroughs would cost?

If he couldn't, he isn't a $200 man.

If you can save one little ten minutes ever day and use that ten minutes to think with, you can increase your business enough to pay for several bookkeeping machines in one year.

You could get along without scales, if you and your customers were satisfied to guess at weights.

You can get along without a Burroughs if you are satisfied to guess at the figure facts about your business, or if you are satisfied to pay the extra cost of getting those figure facts with a pencil.

You may not realize it, but it is no less unprofitable to go on paying in leaks and losses and other ways for a Burroughs you are not using when it would cost you much less to use one.

Talk the proposition over with a Burroughs man. Let him explain to you how it is now costing you more not to use a Burroughs than it would cost you to buy and use one.

One hour of your time invested in a little business talk of this kind will be worth a considerable sum to you, even if you don't decide to use a Burroughs.

The Burroughs man, who will call when you say the word, has talked with hundreds of other business men—knows how they solved their problems—knows how to apply their successful methods to your business.

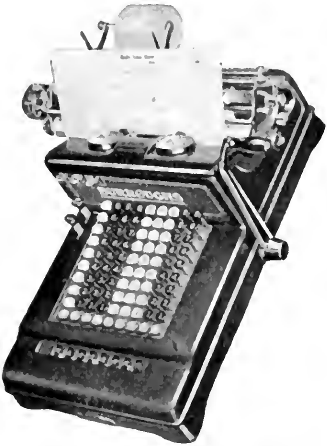
Will you talk with him about it—without cost or obligation to you?

Economy is of itself a Great Revenue.—Cicero. The famous Roman was speaking of true economy. There is a false economy which prompts the hoarding of money at the expense of comfort. But true economy is expressed in judicious expenditures—free from waste and extravagance—turning all money to account

—The Co-operator

Keeping Books With a Machine

What the Burroughs Is



The Burroughs full keyboard permits the fingers of the hand to operate several keys simultaneously

THE Burroughs is a machine to handle all kinds of figures, in any way it is desired to handle them.

It is about the size of a typewriter, but very much easier to operate.

The keyboard consists of several rows of keys—from 6 to 17, depending upon the size of the machine.

Each row contains all the figures from 1 to 9—ciphers print automatically where needed.

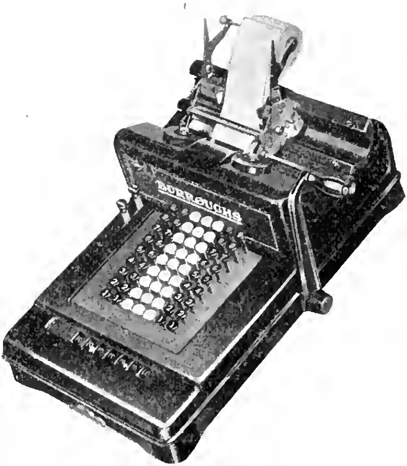
The rows are arranged in such a way that any figure can be printed in any column by simply touching the right key.

It writes down figures just as much more rapidly, just as much more legibly, than they can be written down by hand, as a typewriter writes letters more rapidly and more legibly than they can be written by hand.

It automatically adds all the figures it writes down, and is ready at any time, by the mere operating of a handle, to record, without the possibility of error, the absolutely correct total of all the figures written—a total which has been accumulated in the machine

during the writing operation.

The Burroughs is not "Something to learn how to operate," but a machine which any bookkeeper can begin *using* the first time he sees it.



Adds to $99,999.99; accommodates narrow roll paper; total, sub-total and repeat key.

After five minutes practice, any bookkeeper can operate it at a speed which will surprise anyone accustomed to doing such work in the old way.

For "adding" there is nothing to learn; every school boy knew at ten, all that any bookkeeper needs to know to add on a Burroughs.

Burroughs Statement Machine, visible model; prints months and dates; has total, sub-total, non-add, non-print and repeat keys and accommodates either narrow roll paper or sheets up to 12 inches in width; 9 columns of keys

It isn't like learning to operate a typewriter, which requires long practice for either speed or accuracy. You don't "write" with the keys on the adding machine—you only *set* the keys. The adding or calculating is entirely

automatic. When a key is depressed it remains down until the operating handle is pulled. You can see what is set on the keyboard before it is either added or printed, and correction can be made anytime before moving the operating handle.

The pulling of the handle causes all keys to assume their original position and the amount of the number to be printed on the paper and totaled on the adding wheels. When all the numbers are in the machine, depressing the Total Key while pulling the handle causes the total, which has accumulated on the adding wheels, to be printed at the bottom of the column on the sheet—or in any other desired place on the sheet.

Burroughs Machines are "trouble proof" in more senses than one. Besides protecting the machine itself, the work that it does is also protected.

Totals, Sub-Totals and Non-Add items—all have their distinctive symbols, so that the printed record of the machine tells a complete story.

Not only can the operator, but so can any other person, tell at any time by referring to the work done on the Burroughs, just what work had been done. This is why the Burroughs is used so much for permanent accounting work. For every Burroughs operation there is a special Burroughs symbol recorded every time the operation is performed. Absolutely no opening is left for confusion or doubt. And every unmarked item is known to be added in the grand total. The star (*) printed at the beginning shows that the machine is clear.

With every machine is furnished an instruction book, which explains in simple language and with many illustrations how anybody can do a hundred things with the machine that the average person wouldn't think of trying to do without the instruction book.

How The Burroughs is Used in a Retail Store

Here are a few of the things for which Burroughs Machines are being used by thousands of retailers:

Making up a daily record of sales by clerks, by departments and by lines of goods, from sales slips.

Reconciling bank balances by listing outstanding checks.

Checking freight and cartage bills.

Making bank deposit tickets in duplicate.

Adding and checking cash book.

Footing ledger.

Footing journal.

Tabulating cost and selling price of articles sold.

Compiling expenses by different lines of goods and by departments.

Totaling and balancing outstanding accounts.

Making records of C. O. D. orders.

Figuring records of petty cash.

Balancing daily cash.

Proving daily ledger postings, which eliminates trial balance troubles.

Making out and proving monthly statements.

Compiling a record of purchases by lines of goods, by departments, or other divisions.

Handling stock records and figuring inventories.

Figuring "turn-overs."

Auditing charge accounts.

Checking invoices.

Checking vouchers and making voucher records.

Posting to the ledger.

Writing monthly statements to customers.

Totaling detail of cash sales.

Checking footings on charge sales

Figuring yearly statements of expenses and profits.

Income tax reports.

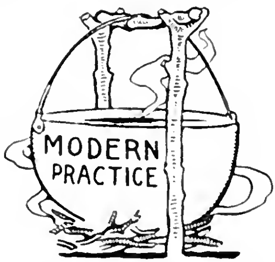
Burroughs Modern Practice

Across the street, perhaps, is a merchant you've never visited—across the state, several you've never heard of

EVER since the Burroughs Company was organized, twenty-nine years ago, its men have been in close contact with the planning and accounting end of thousands of business houses.

Naturally they have learned a great many things about the best accounting methods in use in every line of business.

The Burroughs Department of Modern Practice was organized for the purpose of boiling down this information and to put it into shape to be distributed to other business men interested in it.

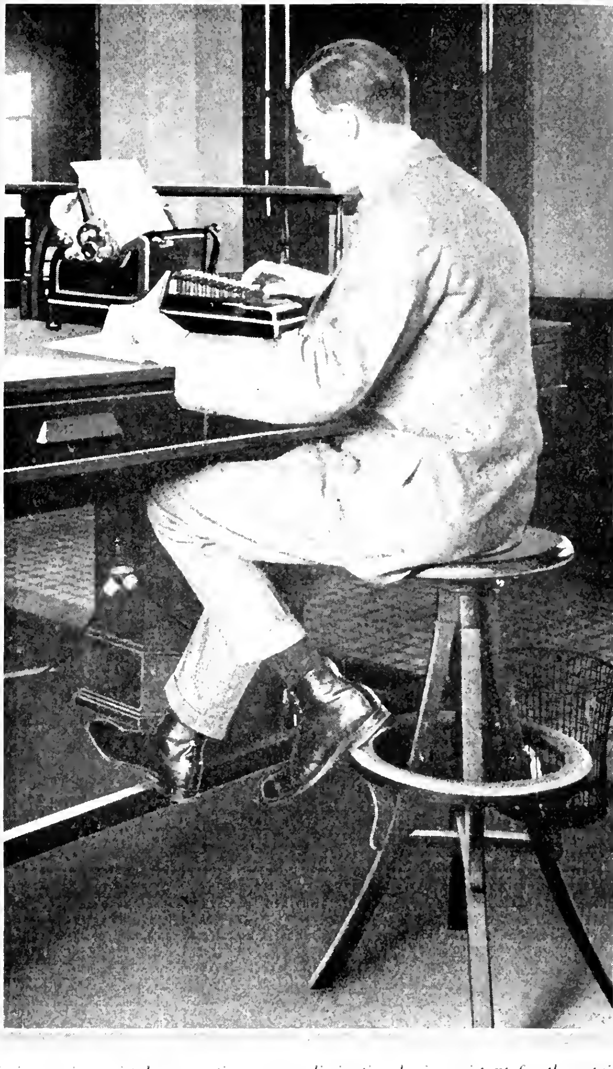


"—boiling down experience into business books—"

Several helpful business books have been written from this boiled-down experience. They have gone out to business men in all parts of the world; and everywhere they have been found useful and interesting because they are based on actual experience, not on theory or imagined information.

One of these books, "Efficient Cost Keeping," has proved so authoritative on the subject it treats, that it has been adopted as a text book by the Universities of Michigan, Wisconsin, Indiana and Minnesota.

In order that there might be something especially designed for the Retailer, a book which we called,



A time-saving, mistake-preventing, worry-eliminating brain assistant for the retailer or his bookkeeper. This machine, or any one of the 98 other Burroughs, can be used on a high stand at the bookkeeper's desk or on a low stand beside the manager's desk, or directly on the desk if desired

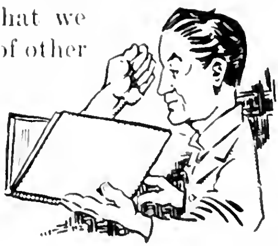
"Why Don't You Go Home," was written and published some time ago.

This book was so well received that when the first edition of 25,000 copies was exhausted it was decided to re-issue the book along more complete lines.

The result was this Retail book, "A Better Day's Profits," probably the most unusual book of its kind ever published. A second edition, making 75,000 copies in all, was needed within four months. When that was exhausted, the book was revised and this, a bigger, finer edition was gotten out.

Naturally the men who use Burroughs Bookkeeping Machines are progressive men. The fact that they use figuring machines proves that they are always in search of the best methods.

Nearly 150,000 of these business men are always ready and willing to explain their best methods to us, in exchange for the methods that we have gathered from thousands of other business men. For that reason it is easy for us to obtain information that could not possibly be obtained in any other way.


"will strike you as unusual—"

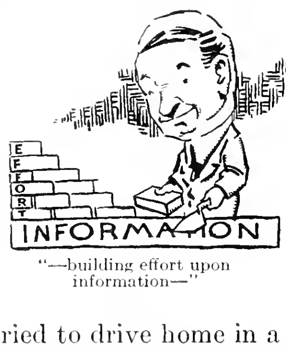
In reading this book, you will find many things that will strike you as very unusual. Possibly some things you will find hard to believe. But if you could take the time, and cared to assume the expense, to visit 150,000 business houses, in every part of the world, you would find many things that would surprise you.

In addition to the information which we have collected first hand, through the personal contact of our large organization, from other business houses all over the world, we have also collected a vast amount of information by mail. All of this information is yours,

if you care to ask for it. It makes no difference what business you are in, whether you own a large store or a small one, there is probably something in our Research Files that will parallel your business experience. So, if this book doesn't satisfy you, if you have a special problem to solve, ask for access to our files by mail. You can have what information we have.

Remember, though, that the Burroughs Department of Modern Practice does not undertake to install bookkeeping systems. It offers only a suggestion service, a co-operative helpfulness by mail. The members of its staff do not pose as Public Accountants, nor as experts. They are Research Men, studying the same problems as you.

Burroughs Modern Practice has nothing to sell. It does not buy anything. It is just a department for the collection and distribution of ideas that help the users of Burroughs Machines to use their machines to better advantages, and to help business men find out how they can adapt bookkeeping machines to their work.



"—building effort upon information—"

The service of this department is available to any business man who is interested in better bookkeeping methods, whether he uses, or expects to use Burroughs Bookkeeping Machines or not.

In this book we have only tried to drive home in a graphic way, the possibilities of better bookkeeping; to make retailers want more information; to make them see and understand that they can only succeed by basing their efforts upon real information and directing their energies from positive knowledge rather than from guess.

Personality in Business

You may learn from competitors, whether they be in the Mail Order business or conducting a cross-roads store. Here is one of the secrets of success of a firm which is a competitor of every Retail Store in America:

No matter how large the business grows, it is always an expression of personal force, just as the personal force of a nation is the sum total of the personal force of its people.

We believe that our customers and employees feel that our business is as much a matter of personality today as it was in the beginning. Behind each transaction is personal guarantee, and we trust that behind each customer is personal interest in the growth and the perfecting of a system that seeks to interpret the personal desire of each man, woman or child who deals with it.

Thus its policy is a composite of the ideas of all its customers, expressing their will in all its undertakings, while its increase, growth and success are, we believe, as much matters of personal pride and gratification to our patrons as they are to ourselves and our employees.

— *A. Montgomery Ward*

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